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ABSTRACT

Eighth and eleventh grade U.S. history teachers, participating in a summer workshop, developed these activities to help improve students' economic understanding of United States history. Adaptable to a wide range of student abilities and interests, most of the activities are self-contained and include student handouts of readings and exercises. Examples of activities: students discuss short readings; role play a school board faced with the necessity of cutting back on school expenses; analyze and discuss charts showing the effects of inflation on farmers in the 1980's; develop their own economic society after being shipwrecked on an island; analyze a New Deal cartoon; compare and contrast different labor unions; and analyze the effect of the gross national product on the economy for the period 1920-1933. The kind of information provided for each activity includes time required, recommended grade level, major concepts, instructional objectives, rationale, materials needed, teaching procedure, and evaluation methods. Conference participants and staff are listed. (RM)

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TEACHING ECONOMICS IN U.S. HISTORY: IDEAS AND ACTIVITIES

A REPORT FROM THE NATIONAL SCIENCE FOUNDATION

BY

PARTICIPANTS IN THE NSF CONFERENCE
"IMPROVING PRE-COLLEGE ECONOMICS INSTRUCTION IN U.S. HISTORY"
INDIANA UNIVERSITY, BLOOMINGTON
SUMMER 1981

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INTRODUCTION

Economic education in the American history classroom was the focus of a two-week workshop held June 14 through 26, 1981 on the Bloomington campus of Indiana University. This conference drew together high school and junior high school history teachers, economists, historians and curriculum consultants in an effort to improve the economic understanding of history teachers and through them to improve the economic literacy of their students. This meeting, supported by a grant from the National Science Foundation, had five primary objectives:

(1) To provide intensive training in basic economic principles to junior and senior high U.S. history teachers from Indiana, Illinois, Ohio, Kentucky and Michigan.
(2) To analyze topics in U.S. history through the perspective of economic history.
(3) To help teachers apply basic economic principles to additional U.S. history topics.
(4) To review and select material for integrating economic instruction into U.S. history.
(5) To assist teachers in the development of instructional lessons designed specifically for their students and school curriculum.

Participants in this workshop took part in lectures, discussions, and curriculum development sessions led by the conference staff. The types of experiences were designed to develop economic understandings on the part of the participant-teachers and to enable teachers to translate these understandings into student learning activities.

This report represents, in part, the outcome of the conference, "IMPROVING PRE-COLLEGE ECONOMICS INSTRUCTION IN U.S. HISTORY." The subsequent lessons were developed by the participant-teachers working in curriculum development teams. Prior to the opening session of the workshop, teachers indicated their preferences regarding curriculum development: 8th or 11th grade; accelerated, average, or remedial student populations. The primary objective of these development teams was

to develop materials that would improve the economic understanding of students in the participant-teachers' classrooms; a secondary objective was to develop lessons that would be usable by other social studies teachers in their efforts to teach economic information and skills.

Lessons included in this report are adaptable to a wide range of student abilities and interests. Teachers will find many lessons that are adaptable to their own classroom needs. Teachers are invited to use these materials in a manner best suited to their classroom situation; for example, some of the lessons may be used in total, while parts of other lessons may be used or restructured to meet a teacher's particular needs.

United States history offers teachers and students the opportunity to analyze and understand the American economic system at various stages of development and complexity. In the past, many teachers have not taken advantage of this opportunity, claiming instead that their lack of background and/or interest in the discipline of economics precluded them from incorporating economic issues into the teaching of U.S. history. Certainly, lessons such as the ones contained in this report cannot offer extensive economic knowledge to a teacher who is unfamiliar with this discipline. Given the frequency with which citizens are bombarded with economic issues, however, one wonders whether lack of knowledge and interest is a legitimate excuse for teachers whose goals involve citizenship education. What these lessons do offer the United States history teacher are useful ideas. For the teacher with a minimum background in economics, the lessons can be used as "finished products." Simply follow the procedures and use the lessons to enrich your existing curriculum. For the teacher with a more extensive background in economics, the lessons offer ideas that may be used or modified to fit his or her objectives in teaching United States history.

ABOUT THE PARTICIPANTS....

Twenty-nine 8th and 11th grade U.S. history teachers participated in the workshops. These teachers came to Bloomington from Indiana and the surrounding Midwest states and the District of Columbia. They were selected because of their interest in teaching economics in U.S. history and because they did not have extensive background in undergraduate or graduate economics courses. Over the two-week period, they listened, discussed, worked, ate, lived, and played together. It proved to be an exciting and rewarding experience for all of us.

Lynn R. Nelson

C. Frederick Risinger

CASE STUDIES IN APPLYING ECONOMIC CONCEPTS TO EVENTS IN U.S. HISTORY

TIME REQUIRED: One or two class periods.

RECOMMENDED GRADE LEVEL: 8th Grade--slow learners/poor readers.

MAJOR CONCEPTS: Scarcity, Choice, Opportunity cost.

INSTRUCTIONAL OBJECTIVES: Students will:

- Learn a basic economics glossary.
- Apply the glossary to historic examples.
- Try to apply the glossary to their own lives.

MATERIALS: Handout: Basic Economic Concepts Glossary.
Readings #1 and #2 on historic periods, with questions.

OVERVIEW: Students will understand how certain economic terms apply to U.S. history.

PROCEDURE: Pass out the handout, "Basic Economic Concepts Glossary," and have students take turns reading each definition aloud. Ask a question or two to the class to make sure each term is understood before proceeding to the next one.

Pass out Reading #1 for the class to read individually. Have the class discuss the questions at the end of the reading.

Do the same for Reading #2.

EVALUATION: Students will try to apply the glossary terms to an economic situation in history or in their own lives:

- Have students write their own story about an historical period previously studied and try to put into the story an example of several of the economic terms given.
- Have students give oral discussions about how the economic terms have meaning to their lives. (For slower students, this might be easier than activity #1.)

HANDOUT

Basic Economic Concepts Glossary

1. Scarcity — what exists when people want more than what is available to them. This is the problem that faces all people everywhere.
2. Consumption — people obtain goods to satisfy their wants.
3. Consumers — the people whose wants are satisfied by the products they obtain.
4. Natural Resources — those things provided in the natural world, such as oil, coal, iron, timber, climate.
5. Human Resources — the brains and physical ability of people, such as their desire to work, their education, skills, and talents.
6. Capital Resources — those things that make products and services, such as machines, factories, and tools.
7. Choice — when people decide which resources to use for what products.
8. Opportunity Cost — something that must be given up to get some other thing.
9. Trade-off — when people examine the opportunity cost and decide to choose one product instead of another.

READING #1

Thomas McDonald was born in Scotland in 1770. He was raised on a farm owned by a wealthy nobleman. When he was 22, he left Scotland and moved to America. He knew that in Scotland he would never be able to own any land, but he had heard many stories that land in America was very cheap for those willing to work hard. Thomas was willing to do this.

Shortly after his arrival in America, he moved to eastern Pennsylvania where he met and married Rebecca Johnson. He spent the next eight years learning about how to farm in America, and the young couple saved every penny they could.

By 1800, Thomas and Rebecca had saved $200. They now had to make a great decision. Land in Pennsylvania was selling for about $10 an acre. The biggest farm they could hope for would be 20 acres. This was not big enough for their dreams.

Friends had told them of land to the west of the mountains in Indiana. Here land was selling for $1.00 to $1.50 an acre, and there was a great deal of it. The only problem was that the land was not cleared of trees, and there was no place to live in until a log cabin was built.

Thomas was strong and healthy. He had learned many skills and could survive in either Pennsylvania or Indiana. Rebecca was a skilled weaver of cloth which could be sold in the nearby Pennsylvania town, but in Indiana there would not be enough time to make enough cloth to sell.

If they went west, it would cost about $100 for oxen and a wagon. When they got to Indiana, they could buy about 75 to 100 acres of land that still had to be cleared of trees. This would take several years.

Here was their problem: Should they stay in Pennsylvania where the chance to use hard work to get ahead was not as great, or should they move to Indiana where a decent life was a greater risk but the chance to own a large farm was possible if you worked hard? What choice would you make?

* * * * *

Using the economics concepts definitions given to you in the glossary, answer the following questions:

1. What was the opportunity cost for the McDonalds?
2. What were the human resources the McDonalds had?
3. What were the natural resources involved in this story?
4. What were the choices facing the McDonalds? What other choices might they have had to face that aren't in the story?

READING #2

In 1877, Thomas Edison invented the first phonograph. By 1900, over 150,000 phonographs and three million records had been sold. This was an average of 20 records per phonograph.

The demand for phonographs was so great that people would pay almost anything to get this new invention. The demand for phonographs even cut into the production of other things, because there was more money to be made selling phonographs than in selling sheet music, for example. When the people wanted phonographs over sheet music, this changed the American music industry.

The effects of the phonograph were also felt in other areas. People no longer had to attend concerts to hear the great singers and speakers. For the first time, people living in small towns and on farms could hear world-famous people. The people who bought the records and phonographs now had a new product to spend their money on, and they had to adjust their family budgets to afford this new product.

A great many new factories were opened up to produce the phonograph. The amount of money spent by companies to buy the machines and build the factories contributed a lot of money to the American economy.

An easy comparison would be for us to think of the changes that the first televisions brought to the American economy in the early 1950s.

* * * * *

Based on the Economics Concepts Glossary, answer the following questions:

1. Who were the consumers?
2. What was the trade-off people made?
3. How did Edison's phonograph affect consumption?
4. What were the capital resources used?
5. How did the idea of scarcity work in this story?

TAX-SUPPORTED EDUCATION

TIME REQUIRED: Two class periods.

RECOMMENDED GRADE LEVEL: 11th Grade.

MAJOR CONCEPTS: Opportunity costs, Trade-offs, Externalities.

RELATED CONCEPTS: Human resources.

INSTRUCTIONAL OBJECTIVES: Students will:

- Define the concepts of opportunity cost, trade-offs, and externalities.
- Apply these concepts in their discussion of a compulsory tax-financed educational system.
- Apply the concepts in stating reasons for choices made to retain or eliminate parts of a high school educational program.

RATIONALE: Our democratic political institutions rest on a foundation of tax-supported public education which promotes an electorate capable of making intelligent decisions. There were individuals in the early days of this republic who recognized such a need and supported the idea of publicly financed schools. In 1830, however, no state had yet provided tax-supported schools with compulsory attendance.

Resentful of taxes which they feel are already burdensome, voters in communities across the country are today increasingly reluctant to approve millage requests (raise local taxes). The extent to which federal and state funds are used to finance education is questioned and debated.

Decisions must be made involving choices about how to use not only the limited resource of money, but also valuable human resources. Such decisions must also consider the relationship between improving individual capabilities and the consequent well-being of the entire society.

MATERIALS: Reading: For the More General Diffusion of Knowledge (1779), with questions.

Handout: School Board Agenda.

PROCEDURE: Use the quotation cited in the student textbook, A History of the United States (by Wade, Wilder, and Wade, page 261) to introduce the

PROCEDURE (cont'd.)

concept of "opportunity cost":

> "The peasant must labor during those hours of the day which his wealthy neighbor can give to abstract culture of his mind; otherwise, the earth would not yield enough for the subsistence of all; the mechanic cannot abandon the operations of his trade for general studies; if he should, most of the conveniences of life... would be wanting."

In class discussion, ask students what they think the author of this statement believed would be lost if (1) the human resources of the peasant were used in another manner, and (2) the mechanic attended school instead of working.

Explore with students in class discussion why children were once such a necessary source of labor in our society as agricultural and factory workers.

Define for students the concept of "opportunity cost":

> Opportunity cost refers to what must be given up, when decisions are made to use scarce productive resources, to produce particular goods or services. A decision to produce one good means giving up the possibility of producing something else.

Distribute the Reading and instruct students to read it as a homework assignment and write out the answers to the questions.

After class discussion of students' responses, introduce the concept of "trade-off":

> When a person or group chooses one good instead of another, they are making a trade-off—that is, they are trading-off less of one thing for more of something else.

Distribute the Handout. Divide the class into groups and instruct them to decide which parts of a school program they would favor eliminating if a millage proposal is defeated and school funds are seriously cut.

In total class discussion, ask students to share their decisions and discuss the criteria used for making such choices. Groups with different results could debate the issues and the reasons for their choices.

Introduce the concept of "externalities":

> Externalities are side-effects that result when the production or consumption of a good or service in the market directly affects the welfare of others, without being reflected in the price of goods or services. Externalities can be both positive and negative.

EVALUATION: To assess the students' understanding, give a short quiz:

- Have students define "opportunity cost," "trade-offs" and "externalities."

EVALUATION (cont'd.) - Have students write a paragraph explaining which school programs they eliminated and using the above terms to justify the reasons for their decisions.

READING

For the More General Diffusion of Knowledge (1779)

Thomas Jefferson

Section I. Whereas it appeareth that however certain forms of government are better calculated than others to protect individuals in the free exercise of their natural rights, and are at the same time themselves better guarded against degeneracy, yet experience hath shewn that even under the best forms those intrusted with power have, in time and by slow operations, perverted it into tyranny; and it is believed that the most effectual means of preventing this would be to illuminate, as far as practicable, the minds of the people at large, and more especially to give them knowledge of those facts which history exhibiteth, that, possessed thereby of the experience of other ages and countries, they may be enabled to know ambition under all its shapes, and prompt to exert their natural powers to defeat its purpose. And whereas it is generally true that the people will be happiest whose laws are best and are best administered, and that laws will be wisely formed and honestly administered, in proportion as those who form and administer them are wise and honest; whence it becomes expedient for promoting the publick happiness, that those persons whom nature has endowed with genius and virtue should be rendered by liberal education worthy to receive and able to guard the sacred deposit of the rights and liberties of their fellow-citizens, and that they should be called to that charge without regard to wealth, birth, or other accidental condition or circumstance; but the indigence of the greater number disabling them from so educating, at their own expence, those of their children whom nature hath fitly formed and disposed to become useful instruments for the public, it is better that such should be sought for and educated at the common expence of all, than that the happiness of all should be confined to the weak or wicked.

From Thomas Jefferson, "For the More General Diffusion of Knowledge," in The Writings of Thomas Jefferson, collected and edited by Paul Leicester Ford (New York: G. P. Putnam's Sons, 1893), II, pp. 220-229 (Bill introduced into the Virginia legislature in 1779).

* * *13* *

1. According to Thomas Jefferson, what do some governments do better than others?

2. What does Jefferson believe experience teaches us about power and those who have power?

3. Why does Jefferson believe the study of history is important?

4. When are the people of a society happiest, according to Jefferson?

5. What people did Jefferson believe most worthy of being entrusted with power?

6. Why would those without money be excluded from power?

7. Why was Jefferson in favor of education at public expense?

HANDOUT

School Board Agenda

INSTRUCTIONS: Each member of the group is to act as a voting member of a school board faced with the necessity of cutting back on school expenses because of the defeat of a recent millage proposal. Each "school board" must cut three programs from the total curriculum. On the chart below indicate with a "+" which programs you would keep, and with a "-" which programs you would eliminate. Then discuss as a group the reasons for your choices in order to arrive at a group consensus.

Programs	Retain or Eliminate	Reasons for Decision (Costs/Benefits/etc.)
1. Football and other competitive sports programs		
2. Music and Fine Arts		
3. Driver's Ed. Program		
4. Mathematics		
5. Literature and Drama		
6. Government and Basic Law		
7. U.S. and World History		
8. Typing and Business		
9. Mechanics and Graphic Arts		
10. Biology and Science		

INTRODUCING AMERICAN ECONOMIC GROWTH: A SPRINGBOARD ACTIVITY

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 8th Grade--advanced; and 11th Grade--average and accelerated.

MAJOR CONCEPTS: Productive resources (land/natural resources, labor/human resources, capital), Competition, Supply and demand, Mass production, Profit, Technology, Productivity (input-output), "Learning-by-doing."

INSTRUCTIONAL OBJECTIVES: Students will:

- List at least four possible explanations for the decrease in the price of cotton cloth in the 1800s.
- Discuss the reasons why the price would be influenced by each cause.
- Follow the same instructions and apply them to Texas Instruments pocket calculators within the last ten years.
- Note the similarities and/or differences and give an explanation for these.

RATIONALE: Students often have a difficult time with economic terms and concepts. The purpose of this introductory activity is to stimulate interest in American productivity.

Most learners either own or have access to a pocket calculator. Many of them will already know that the silicon chip is both an integral and inexpensive component in the manufacturing of calculators. Thus, they have a current base of interest.

U.S. history textbooks generally concentrate on industrialization after the Civil War. Therefore, the price of yard goods in the first half of the 19th Century was used to focus attention on this time period.

Although the students will probably not verbalize many of the actual economic terms per se within their groups, the teacher will relate discovery and the actual concepts during class discussion.

MATERIALS: Each student receives a copy of the handout.

OVERVIEW: The unit goal is to help students acquire a specific set of knowledge objectives regarding the economic development of the United States.

OVERVIEW (cont'd.) The specific activity goal is to help students learn through discovery and to think for themselves.

PROCEDURE: Divide students into small groups of 3-4. "Whip around" the group to determine the time each student got out of bed. The person who "got up the earliest today" in each group will be the recorder. Distribute the handout.

Have each group discuss and answer the questions on "Price of Cotton Cloth."

The person on the recorder's right will act as the spokesperson for each group and will present each group's response to the class. Have recorders write their group's answers on the chalkboard. The teacher will then apply the specific economic term or concept to the students' idea, and guide the students if other/additional responses are desired.

Divide into the same groups and repeat this procedure for the second part of the handout, "Price of T-I Calculators."

Have the class note the similarities and/or differences between the cloth and calculator price decreases and give an explanation for these.

EVALUATION: Students can apply the economic concepts to a reading assignment in the text or films. (Suggested films: "The Second American Revolution," and the Walt Disney Educational Series, "The People on Market Street.") On the unit test, students can be required to apply the specific concepts to explain the decline in steel prices in the late 1800s.

EXTENDED ACTIVITY: Productivity increases impose costs as well as yielding benefits. Ask the students to brainstorm the answer to the following question: Who will benefit and who will pay the costs of installing robots in the automobile industry? The level of responses will vary according to the economic background of the students. Economic concepts of externalities and the interdependence of economic activity can be drawn into the discussion.

HANDOUT

A. Price of Cotton Cloth

The price of cotton cloth per yard in the United States in selected years in the 19th century was:

Year	Price per yard	Year	Price per yard	Year	Price per yard
1815	29¢	1835	11¢	1855	8¢

1. List at least four possible explanations for the decrease in the price of cotton cloth in the 1800s.

2. Discuss the reasons why the price would be influenced by each cause.

* * * * *

B. Price of T-I Calculators

The price of Texas Instruments calculator T-I 150 or comparable model in selected years in the past decade was:

Year	T-I 150	Year	T-I 150	Year	Comparable model
1971	$129.00	1975	$69.95	1981	$18.95

1. List at least four possible explanations for the decrease in the price of Texas Instruments pocket calculators in the last decade.

2. Discuss the reasons why the price would be influenced by each cause.

PRESENTING CONTROVERSIAL INFORMATION: THE DILEMMAS OF NEWSPAPERS AND HISTORIANS

TIME REQUIRED: Two class periods.

RECOMMENDED GRADE LEVEL: 9th-12th Grade.

MAJOR CONCEPTS: Economic decision-making, Scarcity, Trade-offs.

RELATED CONCEPTS: Equity.

INSTRUCTIONAL OBJECTIVES: Students will:

- Examine carefully what goes on in society when various interest groups come into opposition.
- Be able to define what factors have created opposition.
- Identify the criteria (goals) people are striving for.
- Identify the alternatives that are open to gain as many of these goals as possible with the least negative results.
- Be able to make decisions based largely on the reality of the situation rather than on emotion.
- Decide what should be done by a newspaper in reporting controversial information.

RATIONALE: In all free societies, various interest groups contend with one another for their goals. The process of attaining goals through struggle and compromise is essential for all citizens to comprehend. This activity gives students a format on which to prioritize their goals and the potential alternatives. After this skill is developed, the class is then asked to draw conclusions on how to relate the story to the rest of society in a fair and unbiased fashion.

MATERIALS:
Handout #1: Definitions.
Handout #2: Decision-Making Grid, for their interest group.
Handout #3: Goals.
Handout #4: Alternatives.

OVERVIEW: Through the period of the rise of industrialism there was a struggle between the workers and the owners of factories. In this struggle there were many groups involved with some goals which were held in common and others that were widely different.

These groups saw the need to act in certain ways based upon their situation. They were faced with a variety of alternatives from which

OVERVIEW (cont'd.)

they had to select the one most acceptable and likely to succeed.

Students will be working in small groups to make decisions, and the small groups will then describe their findings to the class. After these reports and the ensuing discussion on how these different perspectives can lead to conflict or resolution, a tribunal will act as an editorial board deciding how best and most fairly to report their findings. This process should force students to defend their decisions and the class in the name of the tribunal to determine the most important goals.

PROCEDURES:

Give students a brief overview of early industrialization and the interactions between workers, owners, government, and other interest groups.

Pass out Handout #1, "Definitions," and go over these terms. Explain that you will be asking them to identify similar and dissimilar goals between groups to show how alternatives are possible in most situations.

Introduce the idea of trade-offs, where a perfect solution is usually not possible, and explain that we search for acceptable and possible compromise solutions.

Pass out Handout #2, "Decision-Making Grid," to aid students in clarifying their choices. Pass out Handouts #3 and #4, which contain partial lists of goals and alternatives. Explain that they will be working in small groups representing actual historical groups from the past. Divide the class into groups and have each group choose their goals and alternatives based on the interest group you have chosen for them to represent. Have the groups fill out the grids to show their ratings for the various alternatives they have selected. (A sample Decision-Making Grid is shown below.)

SAMPLE DECISION-MAKING GRID

PROBLEM: GETTING ENOUGH SOLDIERS TO FURNISH AN EFFECTIVE ARMY

GOALS / ALTERNATIVES	SUFFICIENT QUALIFIED TROOPS	A SOLID DEFENSE	REASONABLE-SIZE DEFENSE BUDGET	FREEDOM OF CHOICE	ADEQUATE METHOD OF SUPPLY AT ALL TIMES	RANK
Volunteer Army	-	-	-	+	-	4th
High Pay and Benefits	+	+	-	+	+	1st
Draft	+	+	-	-	+	2nd
Require Alternative Service of all 18-year-olds	-	-	+	+	-	3rd

EVALUATION: Have students, as representatives of their interest group, discuss how this story should be told to the public. Appoint a tribunal, representing an editorial board of a newspaper of the time you are dealing with, to act as a referee formulating the story about the labor and management struggle. Have the class decide how to tell the story and how they should interpret the behaviors of the various interest groups.

HANDOUT #1

DEFINITIONS

1. Union — a group of workers who banded together to improve their wages and working conditions by bargaining for their services with employers.

2. Trade Union Organizers — individuals whose job and livelihood came from bringing workers together into unions and thereby improving the workers' situation. They encouraged the withholding of services as a tool (strike).

3. Pinkerton Forces — private armed forces who were brought in by factory owners to protect their property and non-striking workers.

4. Factory Owners — those whose skills in bringing machines, workers, money and buyers together produced goods. Owners were capitalists who established manufacturing organizations in order to make a profit and who sometimes used mass firings, blacklists, etc. as tools in the struggle.

5. Government Officials — individuals who were employed by or elected to government posts and who considered questions of peace, order and material well-being of the country.

6. Workers — those who sold their labor for a living.

7. Molly Maguires — a group of laborers who wanted to organize quickly and who readily used violence (dynamiting and shooting) to achieve their ends.

8. Plant Managers — those given the responsibility for running the plant as efficiently as possible in order to achieve a good profit return from the investment.

9. Consumers — everyone who purchased goods that were produced and services that were performed.

10. Scabs — workers (often immigrants) who would work for low wages just to be able to feed their families. They were often willing to replace union members who were on strike for higher wages.

11. Scarcity — when resources available to society were insufficient to produce all the goods and services people desired.

12. Trade-off — when people gave up one valuable item for something else they valued more. It assumes people can't have everything and that they frequently must compromise their wants.

HANDOUT #2

Decision-Making Grid

Group Name _____

Members _____

GOALS / ALTERNATIVES				

Instructions: Place "+" in the boxes beside alternatives that will achieve the goal in the column, and "-" in the boxes beside alternatives that will not achieve the goal in the column. Tally the number of "+'s" and rank the alternatives.

HANDOUT #3

Goals

G1 Improve workers' situation
G2 Growth of the company
G3 Organize a large group for strength in numbers
G4 Help individuals who add strength and wealth to the nation
G5 Keep violence and conflict down
G6 Win quickly
G7 Provide some job security
G8 Solid profit
G9 Full control of the operation of work place
G10 Form a union that will provide a share of union dues as salary
G11 Gain ends peacefully
G12 Maintain relative stability in wages and prices
G13 Prevent conflict in the company
G14 Efficiency
G15 Assist those who take chances to help national growth
G16 Do one's duty to uphold the law
G17 Retain a contract for assisting in the maintenance of order
G18 Organize and gain power at any cost
G19 Encourage conflict if wishes aren't met
G20 Gain some control of the work place
G21 Higher prices
G22 Lower prices
G23
G24
G25
G26

HANDOUT #4

Alternatives

A1	Government tax breaks
A2	Layoffs
A3	Relocate in another area
A4	All family members work at an early age
A5	Stop organization at any cost
A6	Do nothing and take no risks
A7	Additional restrictive labor laws
A8	Labor laws to protect the workers
A9	Unemployment
A10	Deportation
A11	Work for even less than the others
A12	Reduce prices
A13	Fire all workers
A14	Lose political contributions
A15	Raise prices
A16	Blacklisting
A17	Use government troops
A18	Privately-contracted security force (civilian-owned military force)
A19	Sabotage
A20	Revolution
A21	Work slowdown
A22	Close the plant and move out
A23	Strike
A24	Universal strike (throughout the area)
A25	Destroy or damage the plant
A26	Riot
A27	Political Action
A28	Formation of a political party
A29	Go out of business
A30	Declare bankruptcy
A31	
A32	
A33	

PATTERNS OF BUSINESS ORGANIZATION IN AMERICA

TIME REQUIRED: One or two class periods.

RECOMMENDED GRADE LEVEL: 11th Grade--average (may also be useful for students with reading difficulties.

MAJOR CONCEPTS: Sole proprietorship, Partnership, Corporation, Capital, Stockholders, Shares, Dividends.

INSTRUCTIONAL OBJECTIVES: Students will:

- Identify the three forms of business organization.
- Demonstrate their knowledge by naming the types of business described by examples in an activity sheet and examples in their community.
- Be able to identify the advantages and disadvantages of each form of business.

RATIONALE: American business grew tremendously in the late 18th century. Many textbooks are weak on this topic, with no explanation as to what a corporation is or how it developed. By using a reading handout and activity sheets, students will be able to identify the different forms and begin to consider their importance in the development of American business.

MATERIALS: Reading Handout: Forms of Business Organization in the United States. States.

Activity Sheet #1, to illustrate the advantages and disadvantages of the different forms of business organization.

Activity Sheet #2, to identify and define business forms.

Activity Sheet #3, to categorize businesses in your community (this information is available from your Chamber of Commerce).

OVERVIEW: American business has taken many varied forms as it adapted to industrialization and growth. All forms of business organization evolved from the sole proprietorship. The second stage was the partnership, which had advantages over sole proprietorship. The next stage was the corporation, the major business form today. Some believe that the multi-national corporation is a new emerging stage.

American business evolved from the sole proprietorship to the corporation for three reasons:

- Industrialization resulted in the necessity for huge sums of money

OVERVIEW (cont'd.)

to begin and run a business. Often one or two potential owners were unable to provide this capital by themselves. Consequently, the concept of stockholders developed whereby hundreds or even thousands of people provided the capital by purchasing shares of stock.

- Industrialization also increased the risk of doing business. Many potential business owners were unwilling to bear this risk alone. Corporations allowed business risk to be spread among many people.
- Industrialization increased the potential for business owners to be held personally responsible for injuries incurred by workers and customers. The corporate form of business removed this form of personal responsibility. The corporation can be held responsible, but not the owners.

PROCEDURE: Divide the class into small groups of 3-4 students. Distribute the reading handout, "Forms of Business Organization in the United States," and tell the students to read and discuss it in their small groups.

Distribute Activity Sheet #1 to each group and have students work together to complete it. Repeat with Activity Sheet #2 and #3.

EVALUATION: Have students write a brief fictional account of a business that evolved from a sole proprietorship to a partnership to a corporation.

READING HANDOUT

Forms of Business Organization in the United States

SOLE PROPRIETORSHIP:

In a proprietorship one person provides the work and capital needed to own and operate the business. The owner may keep all profits but must assume responsibility of all losses. The small self-owned business is the most common form of business in the United States. Despite the fact that individual proprietors often work harder, longer and for less income than people who earn wages, new one-person businesses are continually opening and closing throughout the nation.

Example

Joshua runs a bagel stand. He uses his own money to buy bagels and cream cheese. On most days he sells all of his bagels and makes a profit. On a few days he cannot sell any bagels and loses money when the bagels become stale and the cream cheese molds.

Advantages

1. There is usually more personal service and the business is more customer-oriented.

2. It is a satisfying experience for owners. They are their own boss and do not share profits with anyone.

Disadvantages

1. There is limited capital (money) to invest in the business.
2. The size and growth of the business is restricted.
3. There is a problem of personal liability (the owner is financially responsible for all problems).
4. Risk of loss is shouldered by only one person.

THE PARTNERSHIP:

In a partnership two or more people own and operate a business together. They agree upon a division of labor and capital needed to run a business and also arrange to share debts, losses and a percentage of the profits. The owner of a successful one-person business often finds, sooner or later, that more capital is needed to help finance expanding programs. Bringing in a partner with funds to invest is one way to get the necessary capital. The original owner gives up the sole right to all profits but obtains the money to expand without going into debt.

Example

Mrs. Anderson found out that she needed more capital to expand her dress shop into the empty store next door in the shopping mall. She found a partner with funds to invest to get the necessary capital. Mrs. Anderson now must share her profits, but she does get the money needed to grow without going into debt.

Advantages

1. The risks of business (debts, expenditures, and responsibility) are shared.
2. With two or more people, there can be more personal service for customers.
3. It is satisfying for the owners to have their own business.
4. There is more capital than with a sole owner, and this encourages growth.

Disadvantages

1. Profits are shared by the partners.
2. There can be disagreements between partners.

THE CORPORATION:

A corporation is basically the legal equivalent of a person. It can be sued and it can sue, own property, and incur debts. Ownership of a corporation can be shared by many people, but owners are not liable for a corporation's activities beyond the limit of their individual investments in it.

Example

Mr. Bach became a part owner of a steel company by buying 1,000 shares of its stock. Mr. Bach feels the steel company is going to grow in the coming years because of the new technology, and he hopes to make money (dividends) from the company as a stockholder. If the business fails, Mr. Bach will lose only the money he has invested, because the company itself is responsible for the losses it might incur. Mr. Bach cannot be asked to pay for the debts of this company.

Advantages

1. There is limited liability because the risks are shared by many.
2. There is more capital available.
3. There can be quicker growth because of available resources.
4. There can be specialization of work allowing for a more effective use of time, money, resources.

Disadvantages

1. The profits are shared by many people.
2. There is less personal service provided.
3. The decision-making process can take longer because of the number of people involved.
4. There is less pride of ownership because most of the owners have less involvement in the company.

ACTIVITY SHEET #1

Fill in the chart below using the information provided in the reading handout.

	SOLE PROPRIETORSHIP	PARTNERSHIP	CORPORATION
Financial Resources			
Degree of Risk			
Profits			
Growth Potential			
Specialization			
Personal Service			

ACTIVITY SHEET #2

Identify the business organization form in each of the examples below.

1. _____ John Gardner owns and operates a blacksmith shop. With successful management and by paying close attention to the customer, he has been able to maintain a good business.

2. _____ Jacob Russell was a gunsmith manufacturing his own handmade guns. He had a very successful business. He was swamped with orders and needed capital to expand his business. He joined with Harry Flint to continue this growth.

3. _____ Susan Henderson is the manager of a large incorporated department store. She is officially accountable to the store owners (stockholders) for her management decisions. As long as she continues to do a good job, she is free to set many of the store's policies.

4. _____ Joseph Biddle owned his own business for 10 years. He is considering incorporation and selling shares of stock to raise money for expansion. He plans to keep the majority of shares (he will be the principal owner), but by selling the rest he hopes to get the money he needs.

5. _____ Keith and his sister bought raspberry plants with their savings. Keith is responsible for planting and maintaining the plants. His sister sells the raspberries they produce. They share profits and losses equally.

From these examples and those in the reading handout, write out the following definitions in your own words:

Sole Proprietorship:

Partnership:

Corporation:

ACTIVITY SHEET #3

Can you now identify 5 of each kind of business in our community?

Sole Proprietors:	Partnerships:	Corporations:
1.	1.	1.
2.	2.	2.
3.	3.	3.
4.	4.	4.
5.	5.	5.

INFLATION AND THE 19TH CENTURY AMERICAN FARMER

TIME REQUIRED: Two class periods.

RECOMMENDED GRADE LEVEL: 11th-12th Grade--average or above-average ability.

MAJOR CONCEPTS: Effects on inflation, Changes in price levels, Profit.

RELATED CONCEPTS: 19th century currency policy, Economic conditions for farmers.

INSTRUCTIONAL OBJECTIVES: Students will:

- Define inflation.
- State reasons why 19th century American farmers favored inflationary policies.
- Define profit.
- List two reasons why profit is necessary.

RATIONALE: In the present period of high inflation, it is difficult for students to understand why in the past (and today as well) some groups favor inflationary policies. By computing the benefits of inflation to people with large debt, students will see how inflation alone could have meant the difference between profit and loss for 19th century American farmers.

Profit is necessary as a source of capital for economic growth and as a means of improving an individual proprietor's standard of living. By discussing what a farmer would do with his profit and how he would pay for his losses, the students will discover the need for profit.

MATERIALS: Handout #1: The Effects of Inflation on Farmers.
Handout #2: Farm Product Prices, 1885-1890.
(optional) U.S. inflation graph, 1850-present, shown with an overhead or opaque projector (most effective) or duplicated and used as a handout; printed in World Eagle, June 1981, page 21 (back issues available from World Eagle, Inc., 64 Washburn Ave., Wellesley, Mass. 02181).

PROCEDURES: Set the stage by describing a situation for a farmer-homesteader of the 1880s, i.e., 160 acres, reasons for debt, crops grown, etc.

Ask the class if they feel that inflation is a problem and why. Ask if they can think of any reasons why a person might welcome inflation. Tell them that American farmers of the late 1800s often did

PROCEDURES (cont'd.)

favor inflation, and that the students are going to do an exercise that will help them to see why.

Distribute Handout #1, "The Effects of Inflation on Farmers," and go over the definitions.

Explain that we are assuming for this exercise that the farmer's yields are unchanged throughout the entire period and that farm prices inflate at the same rate as all other prices.

Explain the math computations and compute Year 2 with the class as a whole. Do the gross income computation for Year 3 so that the class understands the compounding effect of inflation. Then have the students do the remainder of Year 3 and Years 4 and 5 individually. Check the figures with the answers below:

ANSWERS TO HANDOUT #1

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	$2,000.	x1.05 2,100.00	x1.05 2,205.00	x1.05 2,315.25	x1.05 2,431.01
Living Expense	500.	x1.05 525.00	x1.05 551.25	x1.05 578.81	x1.05 607.75
Operating Expense	1,000.	x1.05 1,050.00	x1.05 1,102.50	x1.05 1,157.63	x1.05 1,215.50
Debt Payment Expense	500.	fixed 500.	fixed 500.	fixed 500.	fixed 500.
Total Expenses	2,000.	2,075.00	2,153.75	2,236.44	2,323.25
Balance (Profit)	-0-	25.	51.25	78.81	107.76

Discuss the ways a farmer might use the profit: as capital (more land, labor, or equipment); to increase his standard of living; to reduce his debt; or a combination of these.

Do calculations on the blackboard for a modified Year 2 where there is a drop in prices:

Gross Income	$1,900.
Living Expense	475.
Operating Expense	950.
Debt Payment Expense	500.
Total Expenses	1,925.
Balance (profit)	-25. (loss)

PROCEDURES (cont'd.)

Ask the class where the $25 loss would come from (living expense, operating expense, or new debt). Ask what would happen if the deflation continued at 5% per year for three additional years (large drop in living standard and eventual ruin).

Tell the class that they will have a chance to see what really happened in this period. Break up the class into small groups and distribute Handout #2, "Farm Product Prices, 1885-1890." Have each group discuss and formulate a general statement about farm prices in this period (there was a slight decrease).

Distribute (or show) the inflation graph (see Materials). Ask the class what happened to prices generally during this period (there was a slight decrease).

EVALUATION:

Immediately upon completing the lesson, give the following quiz. Use one or more of the following questions depending upon your emphasis:

- Define the term inflation.
- Two major issues of the late 1800s that we are about to examine, the Greenback Issue and the Free Silver Issue, were opposed by bankers because they were inflationary. Most farmers supported both ideas. Why?
- Define the term profit.
- Why is it good for a farm or a business to make a profit?

HANDOUT #1

The Effects of Inflation on Farmers

1. Gross Income — all the money the farmers receive for their farm products.
2. Living Expense — the cost of the necessities of life, such as food, housing, clothing, medicines, etc. Everything has a cost: even home-grown food is from land that could have been used for cash crops (i.e., opportunity cost).
3. Operating Expense — the cost of seed, equipment repairs, new supplies and equipment necessary to run the farm, etc.
4. Debt Payment Expense — Most farmers during this period borrowed heavily from the bank to buy additional land and modern farm machinery. Debt represents interest and principal payment on a long-term note. (Many farmers had short-term debt as well, having borrowed to cover living and operating expenses; that kind of debt is not represented in this exercise.)

INSTRUCTIONS: To compute each year's Gross Income, Living Expense, and Operating Expense, multiply the previous year's figure by 1.05 (for a 5% rate of inflation). The Debt Payment Expense does not increase; it remains at $500. Add each year's expenses to get Total Expenses and subtract that total from Gross Income to find the Balance. That balance is the year's profit.

	Year 1	Year 2		Year 3		Year 4		Year 5	
Gross Income	$2,000.	x1.05		x1.05		x1.05		x1.05	
Living Expense	$ 500.	x1.05		x1.05		x1.05		x1.05	
Operating Expense	$1,000.	x1.05		x1.05		x1.05		x1.05	
Debt Payment Expense	$ 500.	fixed	$ 500.	fixed	$ 500.	fixed	$ 500.	fixed	
Total Expenses (subtract from income)	$2,000.								
Balance (Profit)	-0-								

* * *

HANDOUT #2

Farm Product Prices, 1885-1890

(December 1 prices)

Year	Corn (bushel)	Wheat (bushel)	Oats (bushel)	Barley (bushel)	Cattle (head)	Hogs (head)
1885	32¢	72¢	28¢	56¢	$24.40	$ 5.06
1886	36¢	69¢	29¢	53¢	$22.20	$ 4.30
1887	42¢	68¢	30¢	52¢	$21.18	$ 4.60
1888	33¢	93¢	27¢	59¢	$19.39	$ 5.12
1889	28¢	70¢	22¢	42¢	$18.77	$ 5.80
1890	50¢	84¢	41¢	62¢	$16.95	$ 4.80
Yield per acre	22 bu.	13 bu.	27 bu.	22 bu.		

NOTE: In general after 1890 prices dropped and did not reach the 1890 levels again until 1896-1897.

Source: Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1957, U.S. Government Printing Office, Washington, DC, 1960.

THE ECONOMICS OF DIVERSITY: THE OLD ORDER AMISH

TIME REQUIRED: Four or five class periods.

RECOMMENDED GRADE LEVEL: 11th-12th Grade.

MAJOR CONCEPTS: Economic and social diversity, Basic economic goals of societies, Basic societal functions.

INSTRUCTIONAL OBJECTIVES: Students will:

- List essentials for societal survival.
- Categorize those essentials into six basic functions of society (economic, political, social-educational, religious, familial, and recreational).
- Describe how the American economy attempts to achieve six economic goals (full employment, economic growth, efficiency, freedom, security, equity).
- Describe how the Old Order Amish attempts to achieve the six economic goals.
- Compare those methods with society in general.
- Analyze possibilities of survival of economically diverse groups in society.

RATIONALE: The American nation was shaped in part by the demand for and availability of agriculture and its products. As new technology increased productivity, the rural scene changed dramatically. The subsistence farmer became the highly skilled manufacturer capable of feeding his family and 56 other people.

But not all farmers made the technological changes into the world of industrialization. There was an intentional reluctance on the part of the Old Order Amish. It was predicted that the Amish could not survive with the old methods, but they have. In fact, they have been able to attain the six major goals of the American economy. How have they been able to do so? In what ways are their methods different? What is the price of their diversity?

This unit could be incorporated into U.S. history, sociology, or economics classes. By studying a group such as the Amish from an economic standpoint, the students will see that economic diversity is possible and even profitable.

MATERIALS: One copy each of Handouts #1, #2, and #3 for every student.
Book: Amish Society (see Reading List)
Supplementary articles (see Reading List for suggestions).

PROCEDURE: (Day 1) Students will divide into groups of four or five and brainstorm the ideas necessary to complete Handout #1. The student groups will list their essentials on the board and have a general class discussion. Let students determine what items are really essential and which are not. Allow for a wide variety of responses.

(Day 2) From the list of essentials on Handout #1, have the students group common essentials. If normal patterns persist, approximately six categories or functions should emergy (economic, political, social-educational, religious, familial, and recreational). This activity can be done either in groups or at the board using input from the class as a whole. This activity could also be assigned as homework.

(Day 3) Distribute Handout #2 and have students meet in groups to answer the questions there. When the chart is completed, hold a general class discussion to discuss possible answers. Follow-up questions could be:

(1) Do all societies approach these goals in the same way?
(2) Do all Americans approach these goals in the same way?
(3) Historically, have Americans approached these goals in the same way?

(Day 4) Using the information gathered from yesterday's discussion questions, assign students the reading material on the Old Order Amish which illustrates their economic diversity (see Reading List for suggestions). Allow time to read; then have students complete Handout #3.

(Day 5) Lead discussion using the following questions to summarize and analyze the past four days' work:

(1) What are the similarities between society in general and the Old Order Amish in the accomplishment of economic goals?
(2) What are the differences?
(3) Can economically diverse groups, such as the Amish, survive? Why or why not?

EVALUATION: Have students write an essay entitled, "Economic Diversity, Doom or Boom?", or

Have students locate and summarize articles in popular magazines about economic diversity. Articles about self-sufficient religious or secular communes, or individuals who barter goods and services, are examples which could prove both interesting and illustrative of economic diversity.

READING LIST

Selections for the reading may be taken from two sources. Both or either may be used to complete the assignment.

SOURCE 1: Amish Society (3rd edition) by John A. Hostetler, Johns Hopkins University Press, Baltimore, 1980, Chapters 1, 5, 6, 12, and 17.

SOURCE 2: Selected readings from magazines and other books:

"A Victory for the Amish," Newsweek, May 29, 1972.

"The Amish Ruling and Religious Liberty," Education Digest, December 1972.

"Another Round in Amish Fight Against Social Security Tax," U.S. News and World Report, September 25, 1972.

Kephart, William M. Extraordinary Groups: The Sociology of Unconventional Lifestyles. New York: St. Martin's Press, 1976.

"Life Without Welfare: Story of the Amish," U.S. News and World Report, July 24, 1961.

"Plainly Fuel Free," Indianapolis Star Magazine, June 17, 1979.

"Modern Age Barely Encroaches on Lifestyle of Indiana's Amish," Indianapolis Star, July 6, 1980.

Adams, Ruth C., "How to Love the Land and Live with Your Love," Organic Gardening and Farming, May 1972.

Johnson, Warren A., Victor Stoltzfus, and Peter Craumer, "Energy Conservation in Amish Agriculture," Science, October 28, 1977.

Keller, Sharry, "Be Yet Not Conformed to the World," Indiana Daily Student Weekend, November 23, 1974.

"When the Amish Run Head-on Into Progress," U.S. News and World Report, June 25, 1979.

HANDOUT #1

What are the essentials for societal survival? List them below:

HANDOUT #2

How do people in the United States attempt to achieve the economic goals listed below? List also government programs in the areas given.

Full Employment

Economic Growth

Efficiency

Freedom

Security

Equity

* * *

HANDOUT #3

How do the Amish attempt to achieve the economic goals listed below? What role is played by the government in these areas?

Full Employment

Economic Growth

Efficiency

Freedom

Security

Equity

ACCUMULATION OF WEALTH AND THE FREE ENTERPRISE SYSTEM

TIME REQUIRED: Three class periods.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Free enterprise, Profit, Competition.

INSTRUCTIONAL OBJECTIVES: Students will:

- List American economic freedoms (freedom to buy and sell, freedom to compete, freedom to earn a living, freedom to earn a profit, and freedom to own property).
- Identify and define monopoly.
- State the progress made from the accumulation of wealth.

RATIONALE: Our government is based upon certain principles of freedom—freedom of speech, press, and religion. We vote in free elections. We also enjoy certain economic freedoms—freedom to buy and sell, freedom to compete, freedom to own property, and freedom to earn a profit.

It is through these freedoms that many have planned and created huge business operations, certain that a growing nation would buy all they made. They bought expensive machinery and paid high salaries to expert engineers to lower the cost of manufacturing. Lower costs attracted more customers, and this meant bigger sales and therefore more profit. Their wealth led to their control of industries (market power), thereby eliminating competition.

MATERIALS: One copy for each student of Handouts #1, #2, and #3.

Multiple copies of white index cards (count 1/2 the number of students in class x number of 3-minute rounds the game will go) labeled according to the sample "buyer's" card in Handout #2.

Same number of some color index cards (1/2 class x number of rounds) labeled according to sample "seller's" card in Handout #2.

Name tags for 1/2 the number of students in class (the sellers).

PROCEDURE: Distribute Handout #1 and allow time for reading. Have students complete the chart and answer the questions at the bottom. Discuss their answers in class.

Distribute Handout #2, "The Free Enterprise Market Game," and divide the class into buyers and sellers. Follow the instructions given on the handout and distribute the index cards. After the game is

stopped, have students answer the questions at the bottom of Handout #2 for homework.

When homework assignment has been turned in, discuss the questions with the class. Distribute Handout #3 and allow time for reading. Have students answer the questions at the bottom.

EVALUATION: Evaluate students on their answers to the questions at the end of each handout and on their class participation.

HANDOUT #1

Comparing Economic Systems

Over the past 100 years, our economic system has grown large, interconnected, and complicated. As a result, our national government now acts as referee and makes other economic decisions. Because the government makes more economic decisions than it once did, some economists now describe our system as a mixed economy.

But it is still correct to call it a free economy or a free enterprise economy, because most economic decisions are still made by individuals. Freedom in our economic system permits enterprising business people to enjoy success and profit. Free competition exists to let business firms know what goods customers favor. If they do not buy a product, producers will make something else or go out of business.

American business owners also take many risks. They are free to earn profit—that is, they hope to make more money than it costs to run the business. The free market and free competition would not work without also having private ownership of property. But businesses are required to risk losses if they make mistakes.

In an economy like that of the Soviet Union, most economic decisions are made by government officials who head huge planning agencies. Individuals are left with only a few decisions to make. People are told how much they can buy. The government decides what prices are to be. Workers are told what jobs they must take. And young people are told what jobs to train for. The government manages nearly everything.

For these reasons and others, we say that the leaders of the Soviet Union have established a command economy. In this type of economy, the government is all-powerful. It owns almost all the capital, tools, and means of production of the Soviet Union. It tells the managers and workers in factories and on farms how much they must produce each year. If they do not produce as much as they are told to, their wages may be reduced or they may be sternly reprimanded.

Questions:

1. Why is our system described by some economists as a mixed economy?
2. Complete the chart below as to which system each term belongs to.
3. What are some of our economic freedoms?
4. What is profit?
5. What are some benefits and drawbacks of free competition?

	American System	Soviet System
Free Enterprise		
Government Control		
Competition		
Profit		
Economic Freedom		
Command Economy		
Economic Decisions		

* * *

HANDOUT #2

The Free Enterprise Market Game

In any market, business deals are conducted between buyers and sellers. In this market game, you will play the role of either buyer or seller of navy beans. Working in the market, buyers and sellers will decide the price of navy beans.

Each transaction to buy or sell will affect the price at which navy beans can be sold and bought. Every decision made helps to determine how scarce resources should be used. Every time you buy navy beans in a market economy, you cast a vote for the production of navy beans. Every time you refuse to buy, you cast a vote against the production of navy beans.

Directions:

1. The class will divide into sellers and buyers. The sellers will have name tags and will each be given a colored index card (sample below).
2. Those without name tags will be buyers and will each be given a white index card (sample below).

BUYER'S CARD - Navy Beans	SELLER'S CARD - Navy Beans
Buy 70,000 bags of navy beans for no more than $_____. (Try to get the best price you can below this price. Do not buy any navy beans above this price. If you haven't bought any navy beans after 3 minutes, get another Buyer's card.)	Sell 70,000 bags of navy beans for no less than $_____. (Try to get the best price you can above this price. Do not sell any navy beans below this price. If you haven't sold any navy beans after 3 minutes, get another Seller's card.)

3. Your first responsibility is to establish your price for navy beans. Fill out your card in thousands of dollars (no cents, please) and do not show it to anyone. Plan to bid according to the instructions on your card.

4. Begin negotiating. Any buyer can talk to any seller. Make offers and counter-offers to try to make a deal within 3 minutes. If no deal is made after 3 minutes, buyers and sellers should get new cards.

5. Upon reaching an agreement, buyer and seller should report it to the teacher. The teacher will record the price paid, the name of each party, and the profit or savings to each (the difference between the amount on the card and the amount of the transaction).

6. After an agreement is recorded, buyer and seller can get another card and return to the market.

7. The teacher will stop the game after several rounds.

* * * * *

Questions:

1. What would happen to the price of navy beans if your area of the state received below normal rainfall the first two months after planting? Why?

2. In that case, who would have the advantage—the buyer or the seller?

3. What actions might the federal government take which would affect the price of navy beans? Who would benefit, and who would pay for these actions?

HANDOUT #3

The Accumulation of Wealth

In many ways Andrew Carnegie became a symbol of America's industrial progress. Carnegie was a constant defender of the industrial system. He was also quick to attack those who wanted to change the system. In the following quotation, Carnegie explains why, in his opinion, the critics of industrialism were wrong:

> ...One who studies this subject will soon be brought face-to-face with the conclusion that upon the principle of, or sacredness of, property civilization itself depends—the right of the laborer to his hundred dollars in the savings bank, and equally the legal right of the millionaire to his millions...Not evil, but good, has come to the race from the accumulation of wealth by those who have had the ability and energy to produce...Our duty is with what is practicable now...It is criminal to waste our energies in endeavoring to uproot, when all we can profitably or possibly accomplish is to bend the universal tree of humanity a little in the direction most favorable to the production of good fruit under existing circumstances. We might as well urge the destruction of the highest existing type of man because he failed to reach our ideal as to favor the destruction of Individualism, Private Property, the Law of Accumulation of Wealth, and the Law of Competition; for these are the highest result of human experience, the soil in which society so far has produced the best fruit. Unequally or unjustly, perhaps, as these laws sometimes operate, and imperfect as they appear to the Idealist, they are, nevertheless, like the highest type of man, the best and most valuable of all that humanity has yet accomplished.

Many elements went into the change from a frontier America to a world workshop. History, culture, and geography gave the United States a headstart in three key areas: leadership, labor, and resources.

A new breed of strong, self-made men—that is, men who did not inherit wealth or social position but earned success anyway—led America's march to industrial might. In a fast-growing country that preached equality, a clever, hardworking man could succeed in business even without a family fortune to give him a start.

An industrial leader like Andrew Carnegie was not just an ordinary businessman. He was unusually energetic and decisive. He was able to think big. He planned huge business operations, certain that a growing nation would buy all the company made. He worshipped efficiency.

Carnegie bought expensive machinery and paid high salaries to expert engineers to cut only a few cents off the cost of making a ton of steel. But those pennies, multiplied by millions of tons, added up to huge savings in the costs of manufacturing. These lower costs meant lower prices. Lower prices attracted more customers,

and this meant bigger sales and therefore more profits.

The new captain of industry was often a ruthless competitor—but only until he had eliminated competition. He believed it was wasteful for many small makers of the same product to fight each other for raw materials, workers, and customers. His ideal was to achieve monopoly, or near-monopoly, with one company, or a few, dominating each industry.

Carnegie believed that the very rich had a duty to use their wealth for the public good, rather than leaving it to their children. They should donate freely to such good works as libraries, hospitals, and universities. Thus, the fortunes made by the captains of industry would advance the whole human race.

Questions:

1. According to Carnegie, upon what principle does civilization depend?
2. What did Carnegie believe were the highest results of "human experience"?
3. What arguments did Andrew Carnegie use to support his claim that businessmen had contributed more to the prosperity of the United States than perhaps any other group?
4. Do you agree or disagree? Why?

THE NEW DEAL CARTOON: THE VOICE OF EXPERIENCE

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 11th Grade--advanced.

MAJOR CONCEPTS: Inference, Symbols, Trade-off, Opportunity cost.

INSTRUCTIONAL OBJECTIVES: Students will:

- Be able to express the viewpoint of the cartoonist that the New Deal represents a threat to labor and freedom
- Identify various New Deal programs.

RATIONALE: The ability to analyze written and spoken language to detect the viewpoint of the author is a valuable skill. Cartoonists have often used their art to make biting comments about various aspects of American life. This lesson provides students with an opportunity to identify the political position of a cartoonist, Herbert Johnson, regarding the New Deal of Franklin Roosevelt.

Students should have a general knowledge of New Deal legislation and the purpose of this legislation prior to beginning this lesson.

MATERIALS: Activity Sheet.

Cartoon, "The Voice of Experience" (from A People and a Nation by Clarence L. Ver Steeg and Richard Hofstadter, Harper and Row, Publishers, New York, 1978, p. 611).

PROCEDURE: Distribute the cartoon (see Materials) and have students complete the Activity Sheet. Have the class discuss their answers.

EVALUATION: Have students research and write a paper on the Fascist, Communist and Nazi political movements during the period of 1930-1945 to determine and compare the status of workers within these movements and their relationship to the development of the movement.

ACTIVITY SHEET

"The Voice of Experience"

Have you ever heard someone say, "I could eat a horse"? Without saying so, the person was implying that he or she was hungry. You had to draw your own conclusion or make an inference to understand the meaning. Inferences can be drawn from articles in newspapers, advertisements, campaign slogans, newspaper headlines, and cartoons. The following is an exercise which will develop your skills in this area. Answer the questions related to the cartoon as concisely as possible.

1. What do the figures in this cartoon represent?

2. What symbols are used in this cartoon to emphasize the cartoonist's viewpoint about the New Deal? What is his opinion concerning the programs of the New Deal?

3. How does the caption of the cartoon, "The Voice of Experience," describe the author's perspective?

4. Check those New Deal programs discussed in class that this cartoon might refer to. Be able to defend your answers.

   _____Civilian Conservation Corps

   _____National Recovery Administration

   _____Agricultural Adjustment Administration

   _____Glass-Steagall Act

   _____Social Security Act

   _____National Labor Relations Act

   _____Fair Labor Standards Act

   _____Holding Company Act

   _____Coal Act

5. What common theme unifies the three "ism" workers?

6. Explain the difference between "government protection" and "nationalized labor." Is there a trade-off involved in the two concepts?

7. Is there an opportunity cost involved in the New Deal programs?

8. How did the New Deal shift the costs of labor in the United States?

INVENTION, IMPROVEMENT AND SALE OF THE SEWING MACHINE

TIME REQUIRED: One or two class periods.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Product improvement, Demand, Supply, Advertising, Product appeal, Marketing, Distribution.

RELATED CONCEPTS: Patent infringement.

INSTRUCTIONAL OBJECTIVES: Students will be able to explain the widespread demand and acceptance of the sewing machine.

RATIONALE: Most textbooks merely present a list of inventions and do little to present the inventors and the significance of their work, or the way in which inventors often incorporate the best ideas of others.

MATERIALS: Reading Handout: The Sewing Machine: Its Invention, Improvement and Sale.

Activity Sheet: Reaching for Understanding.

PROCEDURE: Distribute the Reading Handout and have the class read it individually.

Distribute and have students complete the Activity Sheet. Follow with a general class discussion, supplementing it with additional information gained from the Reading.

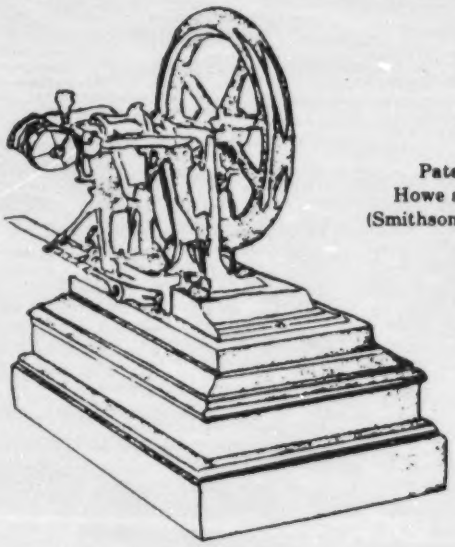
EVALUATION: Have students write a paper on the development and marketing of another invention, using the Major Concepts listed above.

READING HANDOUT

The Sewing Machine: Its Invention, Improvement and Sale

An American named Elias Howe invented a sewing machine. He had it patented in 1846. His machine was bulky and awkward. It weighed about 250 pounds and had a price of $250. The wooden base on which it was mounted was made of three wooden blocks, much resembling a layer cake.

It was difficult to operate this machine. One hand was needed to turn the wheel which made it sew, leaving only one hand to guide the cloth beneath the needle. It was difficult and uncomfortable to sit on the floor while operating the machine. Often it would be lifted onto a table to be used. Occasionally the rickety table or the uneven floor of an early home would cause the monstrous machine to fall, bringing injury or death to the housewife or her child.



Patent model of the Howe sewing machine. (Smithsonian Photograph No. 45, 525-B)

Mr. Howe had difficulty getting money (capital) to build a factory to produce the machines in any large number. Finally he went back across the Atlantic to England where he met a wealthy corset-maker named Wilson. Howe's machines were used in sewing the whale-bone staves into corsets. Many of Howe's sewing machines were sold to people in industry, rather than to housewives.

Isaac Merritt Singer was the son of immigrants. His parents had come from Germany, and his boyhood years were very difficult. For several years he was an apprentice in a textile mill. Later he was apprenticed to a watchmaker.

Although machinery interested Singer very much, he had a strong desire to be an actor. He enjoyed reciting the works of Shakespeare and other poems to entertain. When he was 19 he married a girl four years younger. They travelled about, giving performances as the Merritt Players. When they became parents, their children were added to the troupe.

The Merritt Players had very little money, hardly enough to buy food. After playing for a week in Piqua, Ohio, Singer could not pay his hotel bill and the owner gave him three dollars to help him reach his next destination.

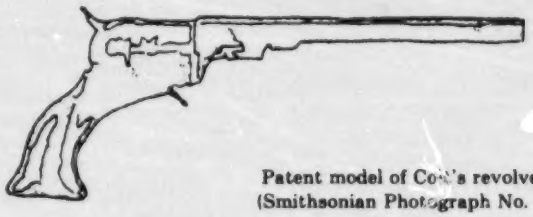
In 1839 he took a job working to build a canal. He was bothered by the hard work drilling holes in the rock for blasting with dynamite. Almost on the spot he invented a machine for drilling rock and sold his patent on this device for $2,000.

Ten years later he patented a machine for carving wood and metal. It was becoming obvious that he had an inventive talent. It was no surprise, then, that while he was repairing Howe's sewing machines, he saw many ways to improve them.

Singer had soon made 20 improvements on Howe's sewing machine and had each of them patented. For a time it seemed he was getting one patent per week.

Isaac Singer now became a manufacturer of Singer Sewing Machines. They were much different, and better, than those made by Howe. Why was the Singer a better machine? It was greatly reduced in size and weight. The packing case in which it was shipped could be used as a table. A rocking foot treadle would easily supply the power, and this freed both hands to guide the cloth beneath the needle. The operator could sit on a chair to do the sewing.

Singer was ever alert to find a better way. When Thomas Jefferson served as our early ambassador to France, he had seen the manufacture of interchangeable parts. He brought this information back to America, where Eli Whitney used the idea of interchangeable parts for the United States Army.



Patent model of Colt's revolver, 1836.
(Smithsonian Photograph No. 45, 715)

Samuel Colt had invented a revolver in which new milling machines and gauges improved the uniformity of small parts. Singer used milling machines to reduce the size, weight, and cost of his product while giving it much more appeal.

Singer was now producing for $12 a machine he could sell for $46. He was also able to provide the spare parts for repair. Singer sales centers were opened in Boston, New York, Philadelphia, Baltimore, and Cincinnati. Other companies were also making the sewing machine, and Singer was determined to stay ahead of them.

This would call for new marketing techniques. He could supply the machines but needed to increase the demand for his machines. Again he borrowed from the best experiences of others. Millions of people would go to see the P. T. Barnum circus. They would also see the Singer Sewing Machine, because Singer followed the circus

city by city. Showmanship interested the American people, and they liked to talk about things that were novel. Singer, therefore, would rent a large department store window and hire young ladies to operate the sewing machine for the passers-by to see in operation.

Model operating Singer Model I. (Singer Company)

In one such window, Singer staged a contest. He would sew a garment by machine faster than five of the best seamstresses could sew one by hand. Singer won, and his business was booming.

Elias Howe was very upset with Singer and others who were making these machines. It was he who held the patent for the basic sewing machine. Singer had patented only the improvements. Howe sued Singer. Each man had stories published in the newspapers to make the other look bad. Howe won the lawsuit, and Singer had to pay him damages for infringing on his patent rights.

Singer needed to further increase the demand for his machines and keep the good image of the Singer Company. Now his partner, Clark, came through with a brilliant marketing idea. He published an appeal to pastors and ministers of the Gospel of every denomination—"We will sell to any minister of the Gospel in charge of a congregation of any denomination one sewing machine of our manufacture of the most improved kind, and of either size designated, at one-half of the regular cash price. When a minister happens to have no family, or where this is unsuitable or inconvenient...for a Sewing Society connected with the church, if there be one, or for the use of any deserving member of the congregation whom the minister may designate."

Cyrus McCormick had invented a reaper for harvesting wheat and other grain. When sales began to lag, he had sold the machines for 50% down and the balance due after sale of the next year's harvest.

Isaac Singer decided now to sell his sewing machine on the installment plan—$5 down and $3 to $5 per month. Demand continued to grow, and the Singer Sewing

Machine Company continued to supply the ever-improving machines.

Bad publicity was occasionally given about the early machines the company had produced. Singer now notified the country that some of the early models had not worked well. Anyone who would return one of the first thousand machines to the company in the next months, he announced, would be given in exchange one of the newest machines.

In the third quarter of the 19th century (1850-1875) men made most of the economic decisions in the American home. Men were not easily convinced that their wives should have sewing machines. Some were skeptical that "women's free-time" would undermine the American home. Singer had an answer for them. A new Singer booklet was published and advertised. It suggested that the free time would have great influence upon the home, adding to women's leisure for rest and refinement, increasing time and opportunity for the early training of children, "for lack of which so many pitiful wrecks are strewn along the shores of life." It stressed the numerous avenues it had opened for women's employment, and the comfort it had brought within the reach of all, which could formerly be attained only by a wealthy few.

Not only did Singer dominate the sewing machine business in this country with outlets in nearly every city and fair-sized town, but as Coca-Cola is today, it was known and sold around the world. The world did not know Isaac Singer as a Shakespearean actor, or the husband of five wives, or the father of more than 20 children. Few people know that his fifth wife, whom he married in France, was the model from whom the Statue of Liberty was built.

We should, it seems appropriate, credit Singer with the improvement of the sewing machine. By borrowing the best manufacturing processes and concentrating on numerous marketing techniques (most of which succeeded), he was one of the great pioneers in American industrial organization.

ACTIVITY SHEET

Reaching for Understanding

1. The invention mentioned most often in this article is the _____.
2. It was invented by _____.
3. Many important improvements were made by _____.
4. The idea of interchangeable parts came from _____.

5. Why was one sewing machine more convenient than the other?

6. Why was Singer able to provide a supply of spare parts for his machines?

7. An inventor often borrows ideas from other inventors. What idea did Singer get from Samuel Colt?

8. From whom did Singer get the idea to sell his product on the installment plan?

9. Why would people choose this kind of a credit plan?

10. Why do you think Singer made a special offer to the ministers and/or their churches?

11. How did Singer use showmanship to increase the demand for his machine?

12. How did he use the demonstration technique?

13. Why did Singer follow the circus crowds?

14. Name the five cities where Singer began his sales.

15. Why would he select these particular cities?

16. In order to supply so many machines for all those people, what do you think happened to his factory?

    To the number of employees?

    To the company's income?

17. Do you think Singer was wise to aim his sales at the family market? Why?

18. Is the Singer Company still in business today?

19. Is the installment plan used anymore?

20. There was a concern about whether the sewing machine would have a good or bad influence on the American home. Now, 100 years later, what do you think?

LABOR SOURCES IN THE FRONTIER PERIOD OF AMERICAN HISTORY

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 11th Grade.

MAJOR CONCEPTS: Labor sources, Division of labor, Labor production, Incentives for labor.

INSTRUCTIONAL OBJECTIVES: Students will:

- Describe the four basic sources of labor in the United States during the 1700s and early 1800s.
- Evaluate the productiveness of the various methods of labor.
- Explain the role of incentive as it applies to the various types of labor.

RATIONALE: Throughout the colonial period and the first 100 years of United States history, labor was in short supply. A number of labor sources were tried with varying degrees of success.

The indentured servant system brought many people to this continent and gave them important skills, but it was never a permanent solution. The indentured servants either ran away or finished serving their appointed time. They rarely stayed on to work for the master with the vast opportunities of cheap land and a growing frontier waiting for them.

Hired help was expensive and only worked until the helpers earned what they needed to strike out on their own. They were even less permanent than the servants.

Farmers often resorted to large families, but once the children were grown they too struck out for the west. The family as a source of labor never could provide enough on the larger farms and certainly not in the growing industries.

Slavery was another source of labor which was experimented with in colonial days, but it only became widely practiced in the areas where intensive forms of agriculture such as cotton or tobacco were profitable. Slavery as a labor source was expensive, but it had several advantages over the other systems. The labor supply was relatively permanent. If the slaves could be used year-round (as opposed to only seasonally), they could pay for themselves. The system by nature required supervision to keep the slaves working at their

RATIONALE (cont'd.)

tasks, but if gang labor could be employed the cost of supervision could be minimized.

None of these sources met all the needs for labor during the frontier period. Each had its strengths and weaknesses, but they all combined to get the job done. The simulation that follows illustrates the problems and the strengths involved in each of these labor sources.

MATERIALS:

Handout: Labor Simulation—General Directions (enough copies for everyone).

Role Card Cut-Aparts (each student gets one card; print quantities given in parentheses).

Ditto paper (for airplane construction, approximately 200-300 sheets).

Game Cut-Outs (approximately 500 simulation dollars and 300 meal tickets).

PROCEDURE:

Divide the class into four groups to represent the four sources of labor: indentured servants, hired laborers, family, and slaves. Appoint a leader for each group: a master over the servants, a boss over the hired help, a father or mother over the family, and an overseer-owner over the slaves. Give an appropriate role card to each participant.

One additional person will be used as a buyer, supplier, and collector of food dollars. Give all the dollars, meal tickets, and ditto paper to that person.

Distribute the handout, "Labor Simulation—General Directions." The saleable product chosen for this simulation is paper airplanes, because they can be easily produced in the classroom and have easily measured standards of performance (other "products" could be substituted). Provide a measured performance testing area for the paper airplanes.

Begin the simulation. Give each of the leaders $50. This money will be used to buy raw materials, pay for labor, and purchase food. Additional money will be earned when each labor force produces an acceptable product. Every 5 minutes, require everyone to purchase another meal ticket.

At the end of the game, reward each student who kept from starving at some per-dollar rate with anything from special privileges to a candy bar.

EVALUATION:

Have the class discuss the following:

- Which type of labor produced the greatest number of acceptable airplanes? Why?
- Which leader accumulated the most money? Why?

EVALUATION (cont'd.)

- What were the incentives involved in the game? Are these incentives in the labor world today?
- Which incentive held the greatest power?
- What other values than quantity of production might be important in deciding the best possible labor system?
- Were there qualitative differences between airplanes manufactured in different ways? If so, why did these differences exist?

HANDOUT

Labor Simulation—General Directions

To begin the simulation, the Buyer will give each leader $50 to buy raw materials, pay his workers, feed the family, feed the slaves, hire guards, hire additional workers, or feed the servants.

The raw material—ditto paper—will cost $5 for 10 sheets. Meals will cost $1 per person and will occur at regular intervals announced by the teacher.

If no saleable product is produced in a short time, of course, starvation will occur. The saleable product will be paper airplanes. They must be of such quality that they will fly at least 20 feet. For those meeting this minimum standard, a price of $1 will be paid. A premium price of $2 per unit will be paid for those planes which will fly at least 30 feet.

The dollars you hold at the end of the simulation will be traded in for special privileges as described by your teacher. A person without the appropriate number of meal tickets "starves" and loses all post-game benefits.

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* * *

ROLE CARD CUT-APARTS

BUYER (1)

You will be given an unlimited supply of dollars and meal tickets. The money will be used to buy the paper airplanes, and you will sell the meal tickets for $1 apiece. Make certain that all planes meet the standard of performance before buying them. You hold a key position in facilitating the simulation; make certain you perform your task accurately and fairly.

MASTER OF SERVANTS (1)

You are to purchase raw materials and oversee the work of your servants. You also have the responsibility of feeding them as well as yourself. You hope to make a profit, too. Occasionally, a servant may try to flee and hire himself out where he will be paid.

BOSS (1)

You are to purchase raw materials and to oversee the work of your hired help. You have the responsibility of paying your help enough so that they can buy their own meal tickets and will want to continue to work for you. Of course, you want to make as much profit as possible. You might want to hire additional laborers as they become available if they can help you make more money. Occasionally a laborer may quit to start his own business.

FATHER OR MOTHER (1)

You are to purchase raw materials and meal tickets for you and your family. You hope to make a profit, but the most important thing is to keep all family members alive. Occasionally a family member may leave to try to make it on their own. If they fail, you are required to take them back into the family group.

SLAVE OWNER-OVERSEER (1)

You want to make a profit. You will need to purchase raw materials for your business and meal tickets for you and your slaves. To keep the slaves in line, you may have to resort to some form of punishment. You may even have to hire a guard or two to keep your slaves from running away. The slaves may even try to sabotage your product.

INDENTURED SERVANT (remainder of servant group)

Your goals are to stay alive, learn how the master's business works, and serve out the term of your indenture or run away to be hired by a boss.

LABORER (remainder of laborer group)

Your goals are to earn money to stay alive and hopefully accumulate enough to start your own business.

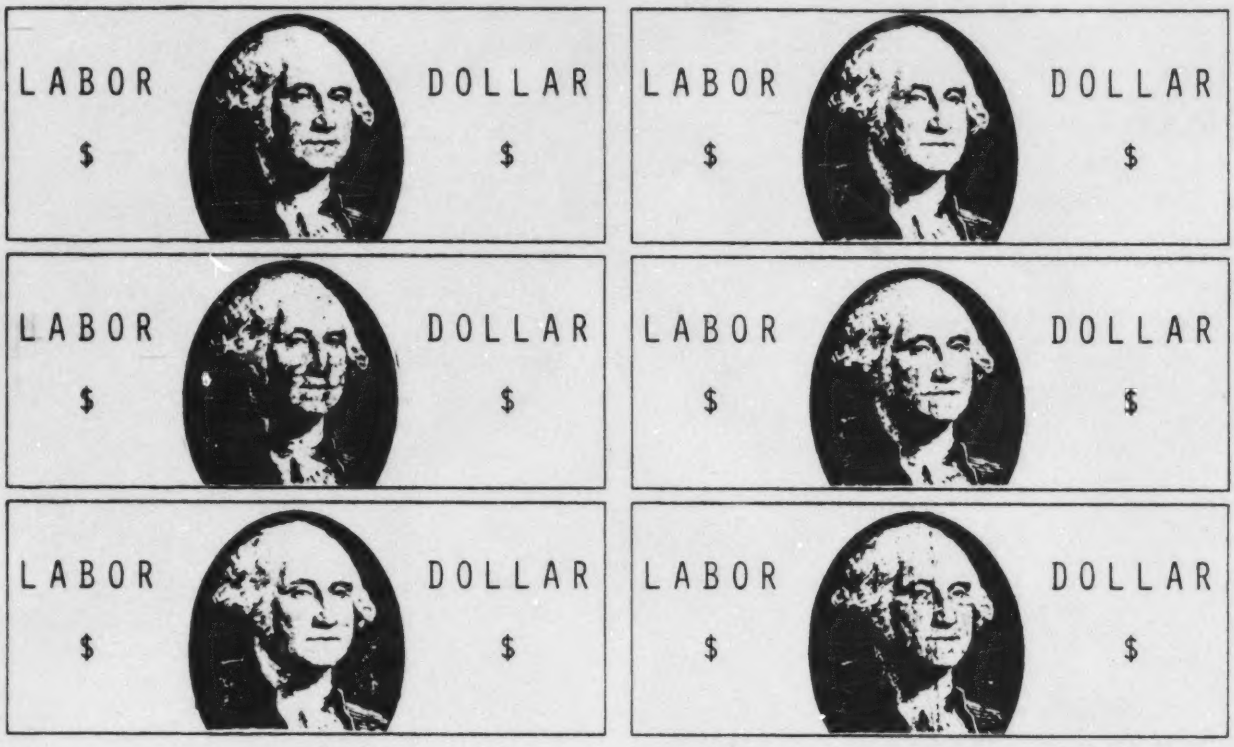
FAMILY MEMBER (remainder of family group)

Your goal is to help to keep the family members alive. However, you would really like to get out on your own, and if somebody is hiring labor, you might choose to work for them so you can earn your own cash. Of course, you are always welcome in the family unit.

SLAVE (remainder of slave group)

Your goals are to produce enough to avoid punishment and hope for emancipation or the opportunity to escape. Your only real concern is staying alive. You don't particularly care if the airplanes fly, but you don't like punishment either.

GAME CUT-OUTS



LABOR GAME MEAL TICKET GUARANTEES LIFE UNTIL NEXT MEAL	LABOR GAME MEAL TICKET GUARANTEES LIFE UNTIL NEXT MEAL	LABOR GAME MEAL TICKET GUARANTEES LIFE UNTIL NEXT MEAL	LABOR GAME MEAL TICKET GUARANTEES LIFE UNTIL NEXT MEAL

55

SHIPWRECKED: A SIMULATION FOR TEACHING ABOUT ECONOMIC AND POLITICAL SYSTEMS

TIME REQUIRED: Two class periods.

RECOMMENDED GRADE LEVEL: 11th Grade—students with learning, reading, or motivation difficulties.

MAJOR CONCEPTS: Economic Systems: Traditional, Command, Market, Mixed.
Political Systems: Authoritarian, Democratic, Mixed.

INSTRUCTIONAL OBJECTIVES: Students will:

- Use previously developed skills in group interaction to work collectively on solving a hypothetical problem.
- Organize their solutions for presentation to the class.
- Evaluate other groups' presentations.

RATIONALE: Students often make the erroneous (and unchallenged) assumption that American economic and political systems are the only viable ways for a society to operate. This exercise is designed as a "springboard" activity to help students understand that there are a number of ways a society can arrange its economy or political system. By using a concrete, if hypothetical, situation students can understand that the goals of each society determine the mixture of economic or political arrangements which will be used in that society's own particular setting. This exercise can be infused at any one of several points in the U.S. History or Civics course:

- early in the course when the development of commerce or self-government in the American colonies is first discussed;
- at points in the course when alternative economic ideas (communalism, socialism, communism, etc.) gain in popularity with the American people such as the 1820s-'40s, the 1890s, the 1930s and the 1960s;
- when starting a comparison between communism and capitalism or between democracy and other political forms;
- when discussing the Revolutionary and Constitutional periods and the development of democracy in America.

MATERIALS: Handout #1, Shipwrecked: A Scenario (one per student).

Handout #2, Goals Statement (one per student).

MATERIALS (cont'd.) Handout #3, Shipwrecked: Evaluation Form (one per student x number of groups).

PROCEDURE: (Estimated time in minutes follows each procedural step in parentheses.)

Have students count off by sixes, sevens or eighths, depending on which works best with your class size, and separate into groups. Name each group for easy identification (e.g., the Castaways, the Landlubbers, etc.). Students should remember their individual numbers because these numbers will correspond to their character descriptions. Separate the groups into their own clusters of desks. (5)

Distribute Handout #1 and read through it with the class, answering their questions as you go. (10)

Direct students to reread their own character descriptions and to think about putting themselves into that role.

Distribute Handout #2 and describe to students what they are to do in their groups—that is, discuss and develop rules and systems by which they can survive. Instruct them to work quickly and to take good notes. If they fail to do either, they could perish on the island. The Millionaire's Wife will serve as secretary of the group and will write up accurate notes on the group's final decisions. Groups should be given warnings at 5-minute intervals as to how much time they have left. They should be reminded that they must make quick, efficient, and intelligent decisions if they are to avoid perishing. (25)

Distribute Handout #3 and have the Skipper from each group present, explain, and justify his group's Goals Statement. As the Skipper makes his presentation and answers questions from his classmates, the teacher and each classmate (except those from the Skipper's own group) will make notations in the "comment" spaces on their Evaluation Forms. At the end of each Skipper's presentation, each student should grade that group based on how well it met the evaluation criteria and then total the points on his Evaluation Form. Collect the evaluations after each group's presentation. The group's First Mate and Actress will then take the evaluation forms out of the room to total and average their group's score and will report back to the class later. (30)

After all group presentations, the teacher will lead a wrap-up discussion focusing on these and other relevant questions: (20)

- What were the different types of goals each group formulated?
- What were the different types of rules developed by each group concerning jobs, ownership, etc.?
- What was the relationship between each group's goals and their rules?

PROCEDURE (cont'd.)

- What do your goals say about your nearness to the "survival line" or your group's proximity to destruction? Are the two related?
- How did the skills of the human resources (people) on the island affect the group's goals? How might this apply to a new, underdeveloped nation?

This exercise should lead into a study of basic economic systems (traditional, command, market, mixed) and/or political systems (authoritarian, democratic, mixed) and should provide a point of common reference for the class as it moves into a formal lesson on economics.

EVALUATION: Points are awarded equally to each member in each group based upon his group's place-finish. Additionally, evaluate participation in class discussion and observations and comments students made on their Evaluation Forms about other groups.

HANDOUT #1

Shipwrecked: A Scenario

You've just been shipwrecked with a group of other Americans and are stranded on an uncharted tropical island. You don't know anything about this island yet. All that your group has in its possession are listed here:

1. The wreckage of your very badly damaged 30-foot sailboat. This belongs to the Skipper.
2. One week's food and fresh water for your group. This belongs to all in the group equally, since you all paid for your sailing excursion.
3. One handgun and six bullets. These belong to the Skipper.
4. One flare gun and six flares. These belong to the Skipper.
5. Each person owns the clothes on his/her back.
6. Five stainless steel containers (enough to hold ten gallons of liquid). These belong to the Skipper.
7. Three knives. One each belongs to the Skipper, the First Mate and the Professor.
8. Cash money. Everyone has about $20 except the Millionaire's Wife, who has $20,000.
9. One ax. This belongs to the Skipper.
10. Plenty of paper and pencils and Goals Statement sheets.
11. Whatever can be found on the island, which appears to be abundant with plant and animal life.

These are the people in your group (you are one of them, based on your individual number):

1 The Skipper — age 46, male, big and strong. He owns most of the supplies that you have as a group.

2 The First Mate — age 29, male, wiry and strong but clumsy and skinny. Not too bright.

3 The Professor — age 38, male, average size and physical prowess. A brilliant scientist of chemistry, physics and wise sayings.

4 The Actress — age 30, female, physically strong but not inclined to work hard. Has few skills useful to short-term survival on a deserted Pacific island.

5 The Farmer's Daughter — age 24, physically strong. Has good domestic skills in cooking, sewing, organizing, and caring for animals.

6 The Millionaire's Wife — age 70, thin, sickly, and vain. Has great skills in economics, budgeting of resources, accounting and other similar skills. (Because of her skills, she will act as group secretary in completing Handout #2).

7 (if needed) The Rabbi — age 67, small but fit. A very brilliant and learned man. Has a lot of good jokes.

8 (if needed) The Carpenter — age 49, stout, potbellied, and grumpy. Highly skilled in carpentry and mechanics.

NOTE: All of you are in relatively good health with no injuries on landing. One problem—the Millionaire has not been found and thus far is presumed drowned.

HANDOUT #2

Goals Statement

Group: _____

Names: _____

_____

General Goals:

A. What are your immediate goals as a group—that is, what do you think needs to be done in your first week on the island?

B. What are your mid-range goals as a group—that is, what do you think needs to be done in the second through eighth weeks on the island?

C. What are your long-range goals as a group—that is, what will you strive for in the event that you do not get rescued?

Political System:

A. How will decisions that affect the group be made? Who will make these decisions?

B. How will these decisions be enforced if violated? Who will do the enforcing?

C. How will problems between people be solved?

D. Will you make rules for marriage and families? Why? If so, what will those rules be?

E. What other "rules for living" will you make? Why?

Economic System:

A. What jobs will need to be done? How will you decide who does each job?

B. How will you decide how to divide up the belongings that you have now? Who gets to "own" or be responsible for which items?

C. What "rules for ownership and possession" will you make for things that will be made in the future? Why?

HANDOUT #3

Shipwrecked: Evaluation Form

Assign points (10 = excellent, 1 = poor) according to how well this group has:

Group: _____

A. guaranteed its survival, short- and long-term.

Comments: _____ / ____ out of 10 points

B. provided for government and resolution of conflicts.

Comments: _____ / ____ out of 10 points

C. provided for their eventual rescue.

Comments: _____ / ____ out of 10 points

D. provided for ownership of resources and belongings.

Comments: _____ / ____ out of 10 points

E. provided for fairness and freedom.

Comments: _____ / ____ out of 10 points

Evaluator's Name: _____

____ TOTAL POINTS out of 50 possible

FORMATION OF AMERICAN BUSINESSES

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Sole proprietorship, Partnership, Corporation, Liability.

INSTRUCTIONAL OBJECTIVES: Students will:

- Define the major concepts.
- Cite characteristics of businesses in America.
- Compare and contrast types of businesses.

RATIONALE: The Industrial Revolution started the development of businesses as we know them today. Students will be exposed to the foundation of the American economy.

MATERIALS: Handout #1: Types of Business Organization.

Handout #2: How Businesses Are Formed.

PROCEDURE: Distribute Handout #1 and discuss with students the importance of businesses in our American economy.

Distribute Handout #2 and help students complete the chart about how businesses are formed.

HANDOUT #1

Types of Business Organization

Single or Sole Proprietorship is the most common form of business in America. Individuals form proprietorships for two reasons:

(1) to earn a profit. Sole proprietors want to make more money from the sale of their goods than they spend for making the product.

(2) for personal independence. Often sole proprietors prefer working for themselves, because they want to be their own boss and do things in their own way.

There are four major disadvantages to owning a single proprietorship:

(1) There is a great deal of risk, because the proprietor may lose money rather than earn a profit.

(2) The owner must assume total responsibility. He or she must open and close the business, keep records, and if the owner is ill there is no one to take over.

(3) Since the owner assumes all responsibility, he or she is subject to unlimited liability. There is no limit to the amount of money the owner can lose if the business fails.

(4) The sole proprietor is limited by the funds he or she can raise or can afford to borrow.

Partnership is a business owned by two or more persons. All partnerships should have a contract or legal agreement drawn to determine the splitting of assets and liabilities of the partnership. There are two advantages to a partnership:

(1) It is easier for two or more people to raise or borrow money than it is for one person.

(2) The work load, expenses, and day-to-day problems can be shared. A partner can run the business if the other one becomes ill.

Some of the disadvantages of a partnership are the same as in a sole proprietorship—risk, liability, and resources:

(1) A serious argument between partners could end the business and involve one in extensive lawsuits.

(2) Again, there is no limit to the amount of money partners can lose if the business fails. The law says that each person in a partnership is entirely liable for all the expenses of the business. If one partner is unable to pay, then the other must repay the entire debt.

(3) Although more money can be raised by two people, the amount is still limited to what the two people can save or borrow. The proprietorship depends on the resources of each partner.

Corporation is the most important form of business in America. It is licensed by a state or by the federal government and is considered an artificial "being" with all rights and privileges of a human being. The license divides the business into shares. Anyone owning shares is a part owner. There are several advantages in owning shares of a corporation. They are as follows:

(1) Liability is limited and you can only lose the amount you have invested on shares. The shareholder is not responsible for the debts of the entire business. Creditors must collect from the corporation and not from the investors.

(2) Corporations have unlimited life. Because the corporation is an artificial being, it is not affected by death. If one stockholder dies, the shares can be passed on to another person.

(3) Ownership is easily transferred to someone else through the sale of stocks.

(4) A corporation can raise almost unlimited sums of money to be used by the business.

There are two major disadvantages in operating a corporation. They are as follows:

(1) Corporations need a license or charter before engaging in business. These are complicated and costly to obtain. Lawyers and consultants are generally needed to assure that the business succeeds.

(2) Corporations pay taxes as an artificial being before dividends or profits are paid. The stockholder then receives his or her share of the dividends. Each share of the dividends is taxed as income.

HANDOUT #2

How Businesses Are Formed

Complete the following chart.

	SOLE PROPRIETORSHIP	PARTNERSHIP	CORPORATION
ownership			
organization			
financing			
management			
taxes			
liability			
transfer/termination			
advantages			
disadvantages			

ORGANIZATION OF AMERICAN LABOR UNIONS

TIME REQUIRED: Two class periods.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Labor unions, Strike, Collective bargaining.

INSTRUCTIONAL OBJECTIVES: Students will:

- Compare and contrast different labor unions.
- Name important persons active in the labor movements.
- List the achievements and failures of three unions.

RATIONALE: Throughout American history, workers have struggled to organize labor. Between 1865 and 1900, large-scale industry created new problems for the wage earner. Workers became dissatisfied with their working conditions and began to organize labor unions. Studying the history of labor stresses the important position labor unions hold in our economic system.

MATERIALS: Handout #1: History of the Organization of Labor.

Handout #2: Labor Organizations.

PROCEDURE: Distribute Handout #1 and discuss with students the importance of labor in United States history.

Distribute Handout #2 and help students complete the chart about labor organizations.

HANDOUT #1

History of the Organization of Labor

In the 1800s, the first large union was formed and called the Knights of Labor. It was a union for all skilled and unskilled laborers and included almost anyone. It had five principles:

(1) Cooperation — all men should be allowed to enjoy the fruits of their labor.

(2) Socialism — committed to overthrow capitalism and replace it with socialism.

(3) Open membership — with very few exceptions.

(4) Secrecy — to protect its members.

(5) Strikes — approved if they could be successful.

Samuel Gompers was originally in the Knights of Labor and tried to work from within the organization, but he could not agree with the principle of socialism. Being a capitalist and believing in the American system, Gompers left the Knights of Labor and in 1886 founded the American Federation of Labor. He established six basic principles:

(1) Labor had to avoid social radicalism.

(2) Sovereignty of trade — the craft worker (skilled) was the only one you could organize. He felt unskilled workers were easily replaced and could not be unified.

(3) Bread-and-butter unionism (higher wages, shorter hours and better working conditions). The Knights of Labor were active in social organizations, whereas the American Federation of Labor was sympathetic but not involved; they were an economic organization.

(4) Economic warfare strike — he felt you had to use the strike to cripple and hurt the employer, that that was the only way to get the employer to give in to your demands.

(5) American Federation of Labor avoided direct political involvement.

(6) Membership was limited to crafts. Unlike the Knights of Labor, they did not take everyone.

By the 1890s, government did an about-face and began helping the workers and their unions. The government feared that violence might continue to grow (and overthrow the country, which Karl Marx predicted). Politicians were sympathetic to the working man. Laws were being passed protecting children by stressing education, minimum age laws, regulation of types of jobs children could have (no night work, limited to eight hours per day, and no hazardous work).

The Lobbyist Movement was formed in the early 1900s. World War I brought a semi-honeymoon relationship between labor and government, but as soon as the war ended a divorce was apparent.

In 1919, a "red scare" took place; strikes were being equated with communism. Mitchell Palmer, the Attorney General, overreacted by rounding up immigrants and deporting them. As a result, strikes spilled into politics and caused the government to overreact.

In the meantime, Gompers was getting old and fighting both communism inside the American Federation of Labor and Vice-President John L. Lewis, who was trying to organize unskilled workers. Gompers should have been fighting employers. Gompers died in 1924 and was replaced by William Green, who got an award for peace in labor. In 1920, Lewis organized the Congress of Industrial Organizations. He was concerned about mass production (unskilled) employees who didn't have a union. Gompers and the American Federation of Labor had refused to take them in, so Lewis organized them.

It took ten years, and in 1935 a new federation for mass production employees, the

Congress of Industrial Organizations, went after big steel. United States Steel agreed to accept the union without a fight—a tremendous victory for the Congress of Industrial Organizations. Later, Lewis went after the automobile, coal, and rubber industries. By 1939, membership was on the rise.

At the same time, the federal government passed the National Labor Relations Act, commonly known as the Wagner Act. Under Section 7, workers were guaranteed the right to:

(1) collective bargaining
(2) recognition
(3) the right to organize
(4) the right to engage in concerted activities.

After World War II, Congress attempted to take some of labor's power away with the Taft-Hartley Act. President Truman vetoed it, but Congress overrode the veto, and Taft-Hartley became law in 1947.

In 1955 the American Federation of Labor and the Congress of Industrial Organizations agreed to merge (AFL-CIO). Conflict in the association has always been apparent. The United Mine Workers withdrew a few years after the merge. In 1957, the Teamsters Union, the largest in the nation, was expelled for what was termed "communist infiltration."

In 1968, the United Auto Workers attempted to involve the AFL-CIO in the national government to promote labor concerns. Eventually, they withdrew from the AFL-CIO, which would not agree to a national involvement. Consequently, two of the three largest unions are not part of the AFL-CIO today.

The AFL-CIO is a federation—a voluntary association of unions. They are the primary spokesmen for American workers and for labor in this country. They lobby in Washington for favorable legislation, public relations, research, education, and organization. The AFL-CIO is not a union itself, but a bringing together of many unions.

HANDOUT #2

Labor Organizations

Complete the following chart.

	Leaders	Principals or Aims	Reasons for Success or Failure
Knights of Labor			
American Federation of Labor			
Congress of Industrial Organizations			

THE BUSINESS CYCLE: PROSPERITY AND DEPRESSION

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Prosperity, Recession, Depression, Recovery.

INSTRUCTIONAL OBJECTIVES: Students will:

- Write a definition for each of the four phases of the business cycle.
- Apply understanding of the business cycle to economic events.

RATIONALE: In an attempt to understand the Great Depression and avoid future depressions, economists began studying the 1920-1930 period of prosperity to collapse to understand what was happening in the economy. Their investigation led to what economists called the "business cycle." By understanding the relationship between the concepts of the business cycle, government might be able to exercise some control over economic conditions.

MATERIALS: Handout #1: The Four Phases.

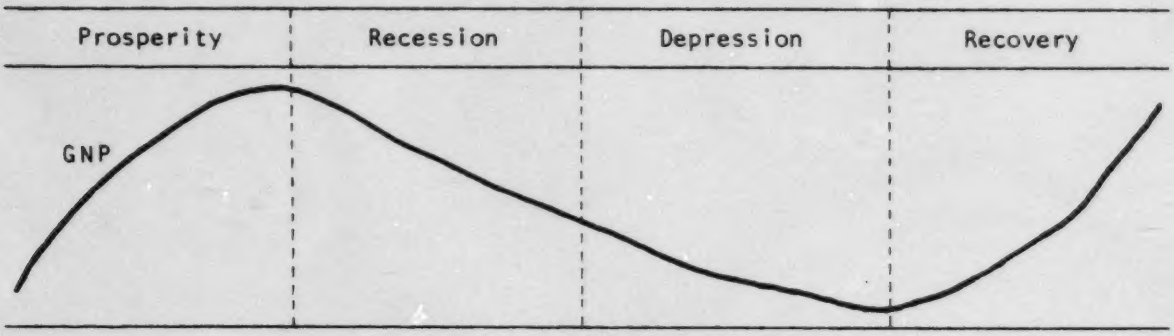
Handout #2: The Business Cycle.

PROCEDURE: Distribute Handout #1 and read through with the class. Discuss the concepts and their effects on the economy and describe the changes that occur in the business cycle.

Distribute Handout #2 and have students complete it without Handout #1 or any notes.

HANDOUT #1

The Four Phases



Prosperity — During this period, there are plenty of goods and services for almost everyone. Jobs are plentiful, wages are high, and business is brisk.

Recession — Sooner or later, events will occur to bring prosperity to an end. For whatever reason, business will decline and workers will be laid off. As a result, less money will be spent for new goods and services. The decline in spending will lead to a further reduction in business activity and employment. As salaries and wages fall, so too will consumer spending, and the recession will be well underway.

Depression — When the cycles of recession repeat and business is poor for a long period of time, the damage to the economy is severe enough to be considered a depression.

Recovery — When, for some reason, business begins to improve a bit, firms will hire a few more workers. These newly-hired workers will spend more because they have earned more. As spending increases, businesses will further increase production and hire still more workers. These newly-employed workers will also increase their spending, business activity will increase still further, and the snowball of improved business will continue to grow. This movement out of a depression is called the period of recovery.

HANDOUT #2

The Business Cycle

Fill in the phase (prosperity, recession, depression, and recovery) in which each of these conditions is likely to occur.

1. _____ Employment rate is at its highest.
2. _____ Prices begin to fall.
3. _____ Workers are being rehired.
4. _____ Prices and profits are rising.
5. _____ Factories are closed.
6. _____ Unemployment rate is at its lowest.
7. _____ People are being laid off.
8. _____ Demand for luxury goods is low.
9. _____ Production is at its highest peak.
10. _____ Shoppers do not care about the prices of goods and services.

Define the following terms in your own words:

Prosperity:

Recession:

Depression:

Recovery:

GROSS NATIONAL PRODUCT AND THE GREAT DEPRESSION

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Gross National Product (GNP), Business cycle.

INSTRUCTIONAL OBJECTIVES: Students will:

- Chart Gross National Product (GNP) for the period of 1920-1933.
- Describe the changes in the Gross National Product (GNP) and its effects on the economy.

RATIONALE: This lesson correlates the Gross National Product (GNP) to the business cycle in order for students to have a better understanding of the factors involved in charting American economic instability or stability.

MATERIALS: Handout, Gross National Product (GNP): Prosperity to Depression.

PROCEDURE: Define and discuss Gross National Product:

The GNP is the total value of all the goods and services produced in the United States each year.

It is perhaps the most important indicator of the health of our national economy.

Distribute the handout and have students complete the graph. Discuss these economic relationships:

When Gross National Product (GNP) is high, businesses experience prosperity.

When Gross National Product (GNP) begins to drop, the economy is slipping.

The fewer goods produced, the more severe the impact is on the economy.

Low Gross National Product (GNP) figures indicate instability and possibly recession or depression trends.

Have students fill out the remainder of the handout and discuss their answers in class.

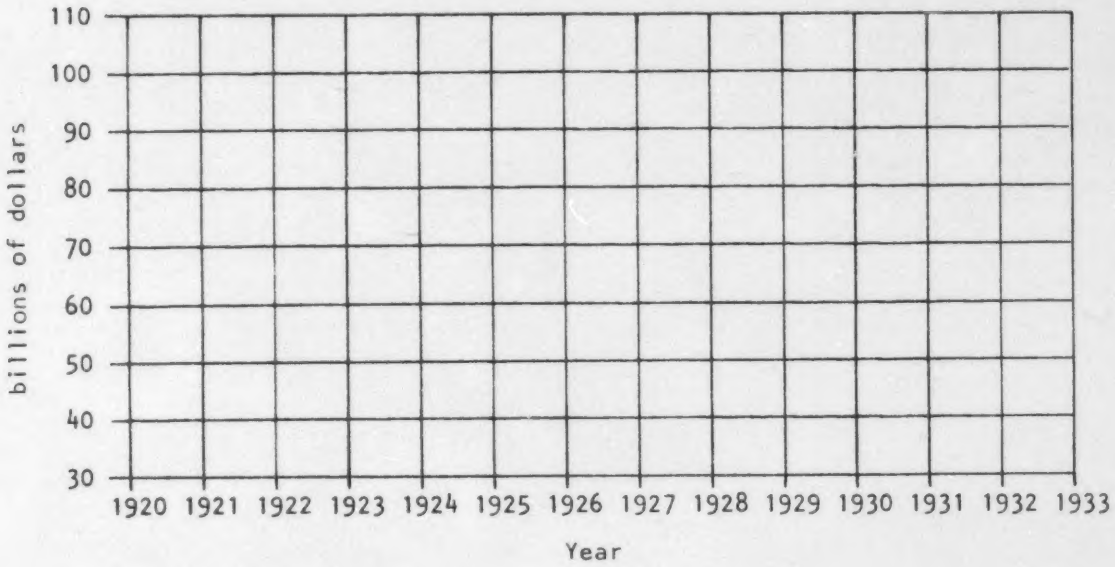
HANDOUT

Gross National Product (GNP): Prosperity to Depression

Using the following table, graph the Gross National Product (GNP) for the years 1920-1933.

Year	Estimated GNP in Billions of Dollars	Year	Estimated GNP in Billions of Dollars
1920	87	1927	96
1921	79	1928	99
1922	74	1929	104
1923	86	1930	91
1924	88	1931	75
1925	92	1932	58
1926	98	1933	55

- Fourteen Years of Gross National Product (GNP) -



Using the graph, answer the following questions:

1. What happened to the Gross National Product (GNP) in the American economy after World War I (1919-1922)?

2. Describe the trend in the economy between 1920 and 1929.

3. What year was the Gross National Product (GNP) largest?

4. Describe the trend in the economy from 1929-1933.

THE AGE OF DISCOVERY: EXPLORING THE EXPLORERS

TIME REQUIRED: Two class periods.

RECOMMENDED GRADE LEVEL: 7th-8th Grade.

MAJOR CONCEPTS: Explorers, The New World.

INSTRUCTIONAL OBJECTIVES: Students will:

- Research the lives of various explorers to uncover the factors which motivated them.
- Compare the factors with those of other explorers to determine the most common motivating factors.
- Identify the factors by type (political, social, economic).

RATIONALE: The factors which motivated individuals, groups, and nations to explore new lands are often so interwoven that the underlying causes seem impossible to determine. Economic influence often overlaps into the political aspects of human behavior, so much so that the political factors obscure the underlying economic issues. Students will realize that strong economic factors have influenced American history from the period of exploration to the present.

MATERIALS: None. Plenty of blackboard space required.

PROCEDURE: Divide the class into small groups. Have each group research an explorer to determine what motivated him to explore the various lands he discovered. The groups should check their textbook and encyclopedia or other book and list as many motivating factors as they can find. Have them select a group leader for reporting their information to the class.

Fill out a chart on the blackboard (see sample below) listing the motivating factors for the first explorer as the group leader reports. For subsequent explorers, put duplicate motivations under the same heading number and add new heading numbers for any new motivating factors.

Help the class determine what were the most common reasons for explorations using the following discussion questions:

- What is the most common factor motivating exploration?
- What is the least common factor?

- Was the most common factor political, social, or economic?
- How many explorers achieved their purpose for exploration?

SAMPLE

Explorers	MOTIVATING FACTORS				
	1	2	3	4	5 , etc.
Balboa					
Cabot					
Cartier					
Champlain					
Columbus					
Diaz					
da Gama					
Magellan					
Ponce de Leon					

COMPARING 1945-1960 ECONOMIC SYSTEMS: OWNERSHIP, PRODUCTION, AND DECISION-MAKING

TIME REQUIRED: One class period.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Capitalism, Communism, Socialism, Market system, Command system.

INSTRUCTIONAL OBJECTIVES: Students will:

- Display a basic understanding of three economic systems.
- Compare and contrast three economic systems.

RATIONALE: The period of 1945-1960 cannot be adequately studied without examining the structure of economic systems throughout the world. An overview of the three basic systems, from which mixed economies are derived, is essential to analyze the "red scare," Castro and the Cuban Revolution, the Cold War, etc.

MATERIALS: Handout #1: How Economic Systems Work.
Handout #2: Comparing Economic Systems.

PROCEDURE: Distribute and have students read Handout #1. Allow sufficient time for class discussion of the material.

Distribute Handout #2 and have students complete the chart.

HANDOUT #1

How Economic Systems Work

Because all people produce and consume goods, societies have to decide:

(1) What should be produced? Should they produce guns or butter? luxury hotels or housing for the poor? Should they produce the necessities of life for themselves, or products which can be traded with other societies for the necessities of life?

(2) How should the goods be produced? Should they aim for advanced technology and use fewer workers, or should they have more people working by using fewer machines? What should their young people be training for?

(3) Who should get the goods and services produced? Should society divide everything equally or should some people receive more than others?

No economic system today is strictly a market system or a command system. The structures of three basic economic systems are outlined below:

(1) In a capitalist economic system, the factories and equipment used to produce goods are owned by private individuals or corporations. The goods produced by these factories—for example, cars and television sets—are also sold to individuals and corporations, who then own the goods.

(2) In a socialist economic system, the means of production—such as the factories—may be owned by the government, but the finished goods—such as the cars and homes—are owned by the individuals.

(3) In a communist economic system, both the means of production—such as factories and farms—and the finished products are owned by the government.

The United States is an example of a capitalist or free enterprise system. People may work where they choose, provided that a job is available, or they can go into business for themselves.

The price producers charge for their goods or services will be influenced by what others in the market will charge and by the demand for their goods or services. If people do not buy the goods and services, the producer will be forced out of the market.

It is the consumers, by their preferences, who decide what will be produced. Producers decide how efficiently or skillfully they are going to produce the goods and services they are selling.

When people go to work for others or open a business, they receive money for their work. Not everyone will receive the same amount; it is according to their value to the business. The more a person earns, the more he or she can buy, and it is the amount of money a person earns which determines who gets the items that have been produced.

Most socialist countries have mixed economies. The basic industries, such as coal mining, electric power, and mass transportation, are owned by the government. While taxes are high, most socialist countries provide free national health insurance. Although many businesses are government-owned, a good number are owned by private individuals who are also consumers. There is substantial free enterprise as in capitalist countries. Incomes are not all equal, and this determines who buys the items that are produced.

In a communist economic system, almost all the means of production are owned by the government. The "what," "how," and "who" decisions are made by the government.

HANDOUT #2

Comparing Economic Systems

Fill in the chart using the following terms:

- government
- individuals (consumers and producers)
- both (government and individuals)

Who Decides...	Under Capitalism	Under Socialism	Under Communism
What should be produced?			
How much should be produced?			
For whom should it be produced?			

FACTORS OF PRODUCTION AND TODAY'S OCCUPATIONS

TIME REQUIRED: Three class periods.

RECOMMENDED GRADE LEVEL: 8th Grade.

MAJOR CONCEPTS: Factors of production (land, labor, capital).

RELATED CONCEPTS: Four major groups of United States workers (white collar, blue collar, service, farm), Career investigation, Mixed market system economy.

INSTRUCTIONAL OBJECTIVES: Students will:

- Define the three factors of production.
- Define the four major groups of United States workers.
- Investigate careers.
- Recognize the interdependency of the factors of production in a mixed market system economy.

RATIONALE: All Americans who run businesses, whether they are individual proprietors, members of a partnership, or managers of a corporation, find that their businesses are dependent upon the decisions they make about the factors of production. In this activity, students will engage in activities which will help them to evaluate possible future occupations and the relationships between those occupations. Students will be able to identify careers and the categories into which they fall.

MATERIALS:
Handout #1: Definition of Terms.
Handout #2: Factors of Production.
Handout #3: Interdependency.

PROCEDURE: Distribute Handout #1 and allow students time to read and discuss it.

Distribute Handout #2 and have students fill out the chart individually. Have the class discuss their answers.

Distribute Handout #3 and discuss those answers with the class.

EVALUATION: Give a short quiz asking students to identify and define the major concepts and related concepts.

HANDOUT #1

Definition of Terms

Factors of production:

Land — includes natural resources used to produce goods and services. Such things as water, oil, mineral deposits, fertility of soil, and favorable weather are factors also included.

Capital — things created by man, including machines, tools, factories, and money.

Labor — includes peoples' physical and mental capacities. Time and quality of labor are factors to be included.

Major groups of United States workers:

White-collar workers — people who are self-employed or do the type of work that includes technical, clerical, or sales work.

Blue-collar workers — people who provide labor for business or industry.

Service workers — people who perform services for the public.

Farm workers — people who own, work, or manage farms.

Mixed market system economy:

An economic system which includes elements of both private enterprise and government operation. More than one type of decision-making system is involved.

Interdependency:

Separate economic units which have a relationship, such as land, labor, and capital.

HANDOUT #2

Factors of Production

Using the definitions in Handout #1, fill in items (under each factor of production that applies) for the following occupations:

Occupation	Factors of Production			Major U.S. worker group
	Land	Labor	Capital	
beautician				
fire fighter				
dentist				
doctor				
welder				
minister				
farmer				
housewife				
nurse				
model				
teacher				
banker				
politician				
secretary				

HANDOUT #3

Interdependency

Referring back to the information on Handout #2, list beside each occupation another one that is interdependent with it.

Occupation	Interdependent occupations
beautician	
fire fighter	
dentist	
doctor	
welder	
minister	
farmer	
housewife	
nurse	
model	
teacher	
banker	
politician	
secretary	

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